



Emily Anne Staples Tuttle papers.

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## SENATOR STAPLES REPORTS:

# There's a feeling of electricity in China air

By ANN ANDERSEN

It was good advice, and State Senator Emily Anne Staples, Plymouth, acted on it.

The advice was that if she ever wanted to visit China, she should do it quickly because things are changing so fast in that nation that a traveler should make haste in order to see it as 'it was.'

Staples made the trip in mid-October with a group of 21 other midwesterners, and it confirmed what she had been told. "You could just feel the electricity in the air," Staples recalled in a recent interview. Part of the electricity was generated by the presence of American businessmen from Litton, General Electric and American petroleum companies whom they encountered.

**PRESIDENT** Carter's recent announcement of normalization of diplomatic relations with the People's Republic of China was "recognition of a fact," Staples said, which will make it easier for American business interests to be competitive on the world scene. Her reaction to the announcement was "pleased," but she wasn't sure of the method the President used in acting without prior consent of the U.S. Senate.

Staples said she had always wanted to go to China, but two current interests focused on

Chinese health care delivery and education. The tour which she joined was sponsored by the U.S.-China Friendship Association, an organization working to normalize relations between the two countries. The group, typical of most China-bound tours, was as diverse as possible. They varied in age from 19 to 79 with occupations ranging from working farmers to physicians.

The cities which would be visited were predetermined — Peking, Yen-an, Sian, Nanking and Shanghai, all in northeast China—but what the travelers wished to visit and do in those cities was entirely up to the group itself. They planned their itinerary at a weekend orientation session in Chicago before the trip.

"Landing in Peking is not like any other airport in the world," Staples recalled. She remembered the lack of lights—only a portrait of Mao was well lit in the terminal; autos drive with only their parking lights; there was no street lighting. People were all clothed uniformly; everything was drab. Buildings were low; boulevards broad; all was windswept.

**ON THE FIRST** morning in Peking, the visitors were startled to see everyone out on the sidewalk doing calisthenics. It was normal communal activity, typical of

many necessitated by lack of space and privacy.

The group's first destination was typically tourist—the nearby Ming tombs and the Great Wall of China which date back to the Ming dynasty, 1368-1644 A.D. The Great Wall was first constructed about 200 B.C., with Chinese civilization flourishing over a thousand years prior to that time.

Staples said they were struck by a feeling of awe at the age of the Chinese empire and the beauty of the things they were doing in antiquity. "There was a feeling of being part of the stream of history, of a continuity," she recalled.

With three physicians in the group who were also interested in health care, they were able to pursue fully that aspect of the itinerary. One of their points of interest was in the 'barefoot doctor' who is trained for six months, mainly in diagnosis, and then works with people in the fields, at the commune level. They learned that the Chinese people are taught to be self-reliant, to be positive thinkers. A patient has a choice of traditional methods, such as herbal medicines and acupuncture, or modern. Modern being a relative term because the medical facilities viewed seemed to be about circa 1935 when

**STAPLES**

(Continued on Page 2)



SENATOR EMILY ANNE STAPLES AT THE GREAT WALL NEAR PEKING  
There was awe and a feeling of being part of the stream of history, of a continuity.



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# Staples: They are a satisfied-looking people

(Continued from Page 1)

compared to American medical standards.

**SURGERY**, when appropriate, is done at the clinic level, but the philosophy is one of preventive medicine with care delivered to the patient. Staples said that difficulties in translation prevented discussion about finer points such as surgical procedures and medications.

Family planning is a very strong policy, Staples said, with marriage discouraged for women under the age of 25 and for men under 28. Promiscuity is a total taboo, they were told.

Chinese children go to school six days a week, where emphasis is placed on language, mathematics, science and history. Pupil-teacher ratio appeared to be about 45 to one, with children receiving five years of elementary schooling and then five years of secondary.

Bright children are selected for enriched educational offerings at centers called Children's Palaces, where they receive special artistic and technical training, which includes the Suzuki method of violin, Staples said.

**RECESS FOR** Chinese students consists of doing eye exercises and then going outside for calisthenics.

As one might surmise, tea was always available in every hotel room and at every meeting. "Tea and cigarettes are pervasive among the Chinese," Staples

commented, but "they have stamped out opium addiction and venereal disease."

She said they never saw ice during the trip. Beverages were a kind of orange pop, beer or a vodka-like drink called Mao Tai, used in toasts.

Staples described the food as fabulous, and always eaten with chop sticks. Breakfast might consist of peanuts, brisket (cold beef), bean sprouts, sweet potatoes in their jackets, gruel (a thin millet), steamed rolls (something between a dumpling and a dinner roll), potatoes exactly like French Fries; doughnuts (flatter than ours) and walnuts in powdered sugar.

**DINNER MIGHT** include dove, pigeon eggs, shrimp, prawns, an "elegant and divine" dish called Beggar's Chicken (baked in a clay form), sweet and sour salmon; winter melon soup, Mandarin oranges plus wine, beer or tea.

Food preparation, she said, was beautiful, painstaking, in the tradition of grand cuisine. "They have the manpower to do it," she said.

Although life is very serious for the average Chinese citizen, Staples said, there was no feeling of oppression, although they had heard that visitors returning as recently as three years ago had commented to the contrary. "Everyone is clean and appears to be well fed. They are a satisfied-looking people." The visitors

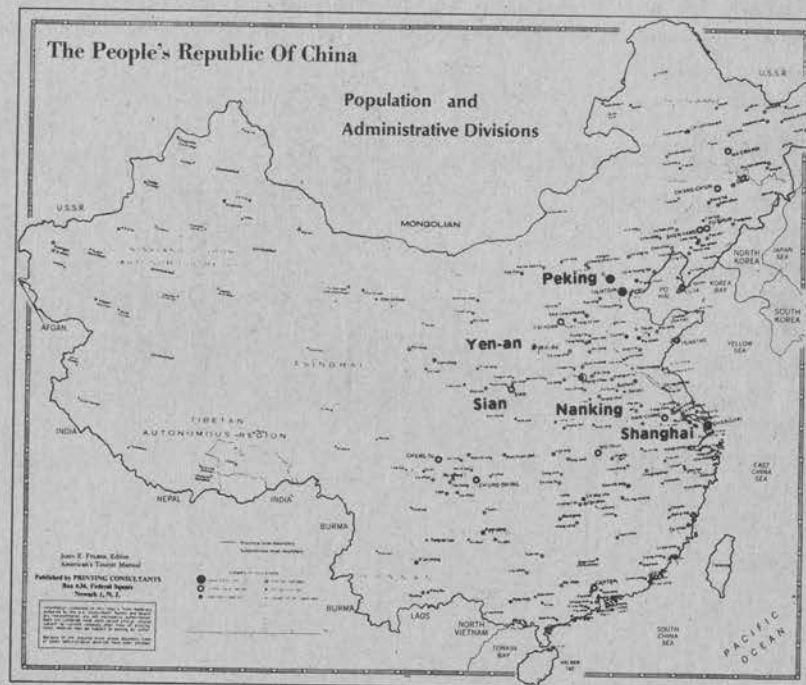
observed no beggars, and no persons with handicaps.

**WOMEN WORK** alongside men in fields, factories and ship yards. Living quarters are scarce, crowded, often consisting of one-room apartments with shared kitchen and bath facilities.

She said they never went into a home that didn't have a sewing machine. And families dress their children in bright colored corduroy pants and smocks, in contrast to the sober attire for adults.

Staples said the travelers never locked their hotel rooms; never lost a possession. Theft is a capital punishment offense in China.

Staples said she was impressed also by the beauty and stark contrasts of the country, at the extent of the mountainous and arid lands not suitable for agriculture. "Every square inch of land available is cultivated right up to the runways at the airports," she said. They saw cotton, rice and wheat fields, and oxen in use rather than horses or tractors.



**CITIES VISITED IN THE PEOPLE'S REPUBLIC OF CHINA**  
Group of 21 midwesterners spent over two weeks touring northeast China.



NORTH and WEST SHORE EDITION

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One Section

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## Emily Staples pondering run for state senate in 48

By EVELYN BURKE

Emily Anne Staples, who was ousted from her State Senate seat in District 43 in 1980 by current State Sen. Jim Ramstad (R-Plymouth) in the most expensive legislative campaign in the history of Minnesota, is strongly considering running for the senate in November's elections in the new 48th District. The Lake Minnetonka Sun has learned.

District 48 is the new number for the senate seat which would encompass northwest Plymouth, Medina, Corcoran and Hassan. Currently, no state senator lives in that new district. Ramstad resides in the new district No. 45, which would seem to eliminate any chance of another head-to-head contest between the two. In that 1980 campaign, the previous legislative spending record of \$36,000 was smashed by both Ramstad, who spent more than \$100,000, and Staples, who spent in excess of \$40,000. Staples was elected to the District 43 seat in 1976 as a DFLer.

Staples, 1640 Xanthus La., Plymouth, is currently attending Harvard University's Kennedy Graduate School of Government on a Bush Fellowship.

According to reliable sources, the telephone lines between here and Cambridge, Mass., are hot with her supporters' calls urging her to come back to Minnesota and the State Senate.

Committees are already being formed, according to Joan Scott, Hamel, and she said Staples "has almost decided to file."

Staples filed an unfair campaign practices lawsuit against Ramstad following her 1980 defeat. Ramstad won 53.9 percent of the vote in the race to Staples' 46.1. The suit was later thrown out.



Emily Anne Staples

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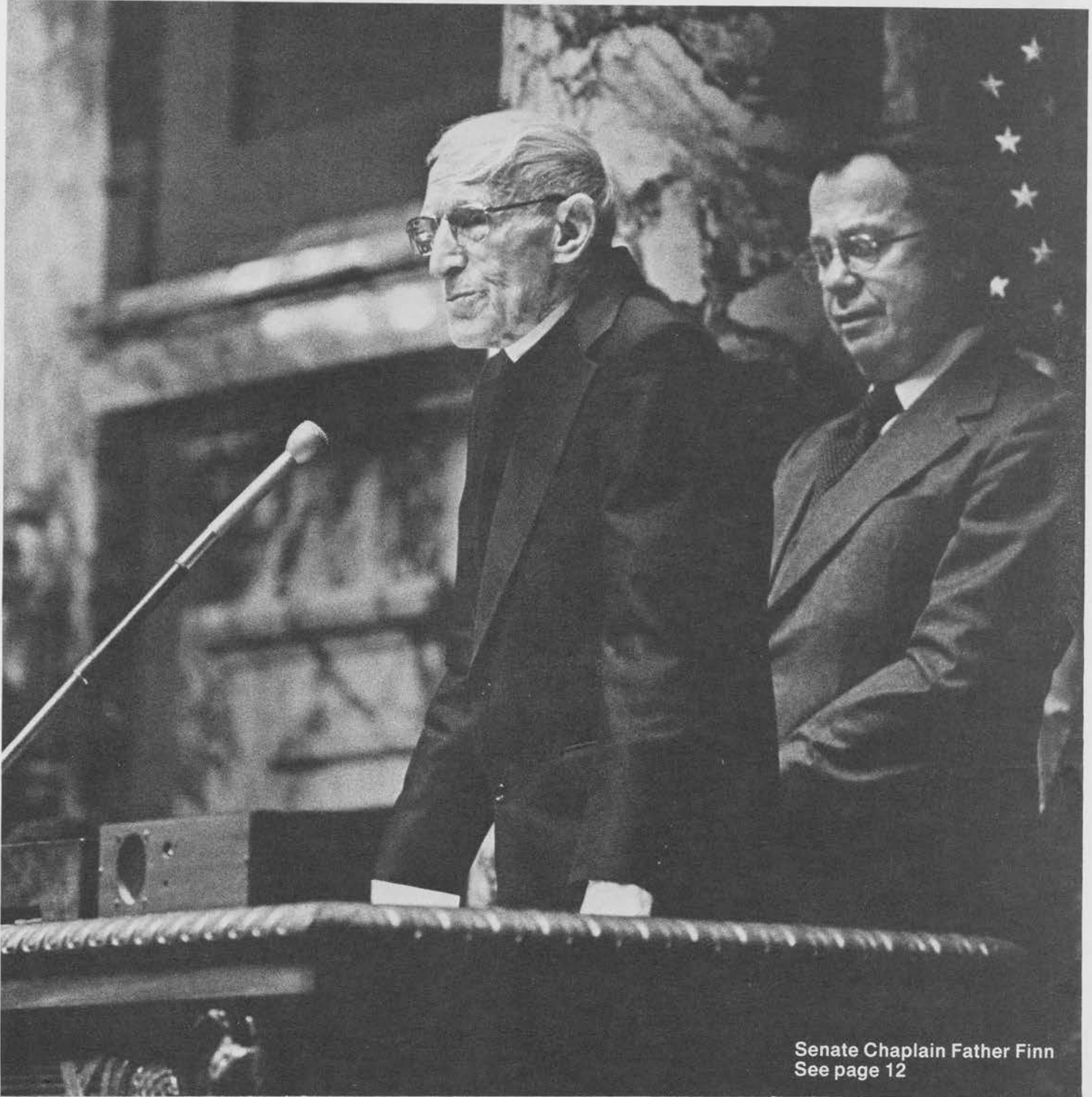


VOL. 6 NO. 1

FEBRUARY, 1980

# Perspectives

A Publication about the Minnesota State Senate



Senate Chaplain Father Finn  
See page 12





SESSION '80

## What's in store for the state Senate

by Karen L. Clark

The beginning of a new decade – and the second half of a legislative session – will find Senators still grappling with some of the more stubborn problems of the seventies. Energy related issues, for instance, are almost certain to dominate the 1980 session of the Legislature. In fact, battle lines have been drawn since last fall between the Senate and the governor over the question of how much, and to whom, emergency financial assistance for home heating bills will go. Other energy questions, such as an increase in the state gasoline tax, weatherization programs and aid to schools to offset increased transportation costs are sure to cause controversy. Although most senators agree that there is an energy crisis differences of opinion on how best to deal with the crisis are a continuing source of confrontation.

In addition, it is a virtual certainty that a great deal of discussion will be generated by four proposed constitutional amendments. Those proposals, ranging from the reapportionment of legislative districts to limiting the state's spending, all have ardent and vocal opponents and proponents.

There are other issues, though, which will generate their share of controversy. An informal survey of Senate committee chairmen reveals a broad spectrum of issues and problems before the Legislature this year. Although there was an overwhelming consensus among committee chairmen as to the main issues before the Legislature as a whole (Nearly all cited emergency fuel aid, the constitutional amendments and highways funding as the top priorities.) Each

chairman also indicated those issues before his committee he felt were likely to be of most significance.

### Agriculture & Natural Resources

Sen. Gerald Willet (DFL-Park Rapids), speaking for the Agriculture and Natural Resources Committee, said that a major item before the committee would be legislation dealing with solid and hazardous waste. A joint committee has been at work preparing a comprehensive package which will be heard, and acted upon, this year. In addition, the Environmental Protection Subcommittee, in conjunction with the Energy Subcommittee, held a number of hearings during the interim on the incident at the Prairie Island nuclear plant and the state's emergency plan. Legislation dealing with the emergency plan will also be heard this year. The committee will also consider legislation to create a coordinating body for water planning in the state. Willet also indicated that one of his personal priorities is a bill creating a "land owners bill of rights" to protect willing sellers involved in land transactions with the Department of Natural Resources.

### Commerce

The Commerce Committee, chaired by Sen. Robert Tennesen (DFL-Mpls.) will once again this year consider modifications in the state's detached banking facility law. In addition, committee members will consider a proposal prohibiting refiner-owned and operated auto service stations. Utility regulations and the Public Service Commission will also be subjects for discussion by committee members. High on Tennesen's list of

personal priorities are additional modifications of the state's privacy laws and the successful conclusion of the energy assistance proposal.

### Education

Sen. Jerome Hughes (DFL-Maplewood) feels that the increased costs of school transportation will be one of the most important issues to come before the Education Committee. Many districts have found themselves without adequate funds because of the skyrocketing price of gasoline over the last few months. Hughes also regards the research and development of the quality education program as a primary area for committee action. Chemical abuse and school discipline are two additional issues that will be before the group this year. In the matter of personal priorities, Hughes cites successful action on the Board of Teaching bill as one of his most important goals.

### Elections

There is a possibility that a bill dealing with PACs (political action committees) may be returned to the Elections Committee for further work this year, according to Chairman Edward Gearty (DFL-Mpls.). Such action would be the result of an upcoming court case brought by the Minnesota Association of Commerce and Industry. Gearty also mentioned several housekeeping bills and some minor substantive changes brought about by the work done by the Recodification Task Force as being subjects for committee action this year.

### Employment

Questions facing the Employment Committee this session are primarily outgrowths of the group's interim activities. Chairman Roger Laufenburger (DFL-Lewiston) views the work done by the Economic Development Subcommittee, the Labor Subcommittee and the Subcommittee on Minorities Employment as laying the groundwork for the major legislation that will come before the committee. Small business concerns, consideration of the state's business climate and worker's compensation housekeeping changes will certainly be major items of discussion. A special subcommittee on minorities held a number of hearings throughout the state and at least four bills dealing with minority employment will come before the committee. Laufenburger stated that Minnesota's fairly low official unemployment rate is masking the reality, especially where minorities and the structurally unemployed are concerned.

### Energy and Housing

The spotlight will be on the Energy and Housing Committee a great deal throughout the session this year. Already, the emergency energy assistance bill has been approved and moved out of the committee. The measure provides assistance for fuel bills to those not eligible under federal assistance guidelines. (During the interim, the full committee, along with a special ad hoc committee, dealt extensively with the various emergency fuel assistance proposals in preparation for a special session should one be called.)

The committee will also be considering a long range energy program, incentives and assistance for weatherization and incentives for other energy related housing improvements.

Jerald Anderson (DFL-North Branch), chairman of the committee, is also interested in pending legislation enabling up to 25 percent of retirement fund in single family conventional mortgages with the mortgages not to exceed 80 percent of the appraised value.

### Finance

Although the bulk of the work done by the Finance Committee in setting departmental budgets was completed last year the 1980 session promises its share of activity for the committee. Sen. Roger Moe (DFL-Ada), chairman, said the committee will concentrate on methods of funding the state's highway programs and on discussions of the financial problems encountered by the Metropolitan Transit Commission (the MTC foresees a deficit of \$20 million for the last half of 1979 and all of 1980). The committee also plans to work on the completion of the capital budget bill which allocates funds for state building construction. And, of course, the Finance Committee must hear all bills requiring any expenditure of state monies.

### General Legislation and Administrative Rules

How to reduce government regulation and paper work will be one of the primary activities of the General Legislation and

Administrative Rules Committee said Chairman Howard Olson (DFL-St. James). The group also plans to study the economic impact of the arts in Minnesota. Several hearings were held last year outlining the significance of the arts and their impact on the quality of life in Minnesota and this year's work will use those hearings as a basis for further work. Olson also emphasized his continued commitment to rural concerns before his committee and the legislature. Once again this year the committee expects to hear a controversial bill that would, in effect, legalize pari-mutual betting in Minnesota.

### Governmental Operations

Sen. David Schaaf (DFL-Fridley) has outlined a number of priority items he expects to come before his Governmental Operations Committee. Chief among them will be legislation drafted by the Legislative Commission on Employee Relations dealing with the bargaining procedures between the state and its employees (See article p. 6). One of Schaaf's personal priorities as well as a committee priority is the revision of the statutes governing the State Board of Investment. He expects, also, to hear a number of pension bills recommended by the Commission on Pensions and Retirement.

### Health, Welfare and Corrections

Health care cost containment will be a primary area of activity for members of the Health, Welfare and Corrections Committee during the session. A major bill dealing with Health Maintenance Organizations will be an important tool in dealing with cost containment and will be heard by the committee this session.

In other areas, Chairman George Perpich (DFL-Chisholm) is also particularly interested in legislation regulating home health care agencies and establishing a department of public welfare program to aid families who care for severely disabled children in their homes. There is also a possibility that the committee will undertake consideration of the community corrections formula and issues relating to juvenile justice (See article p. 4).

### Local Government

Sen. Myrton Wegener (DFL-Bertha) and the Local Government Committee spent much of the interim studying legislation pertaining to subdivision regulations and he expects the resulting bill to be one of the committee's chief accomplishments this year. Also being considered is a measure providing a mechanism for consolidations between cities and towns. Finally, along with the large numbers of local bills heard by the committee every year, members will be asked to consider a proposal to allow free distribution newspapers to qualify as legal newspapers.

See Senate, page 7



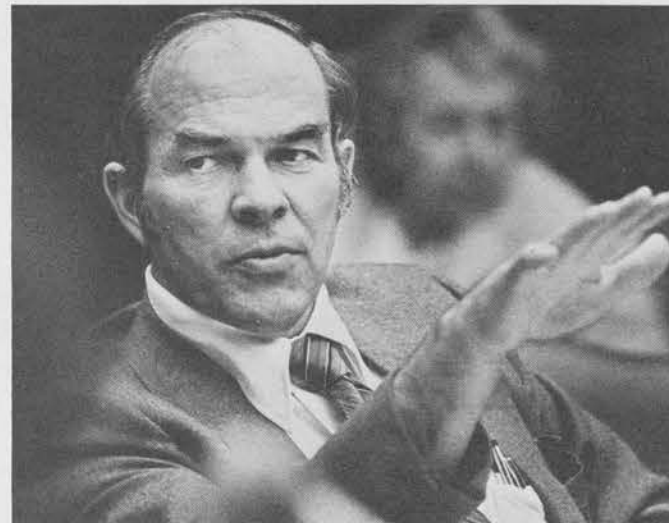
Sen. Nicholas Coleman (DFL-St. Paul) and Governor Al Quie discussed their differences on energy policies last fall.



# Committee drafts recommendations

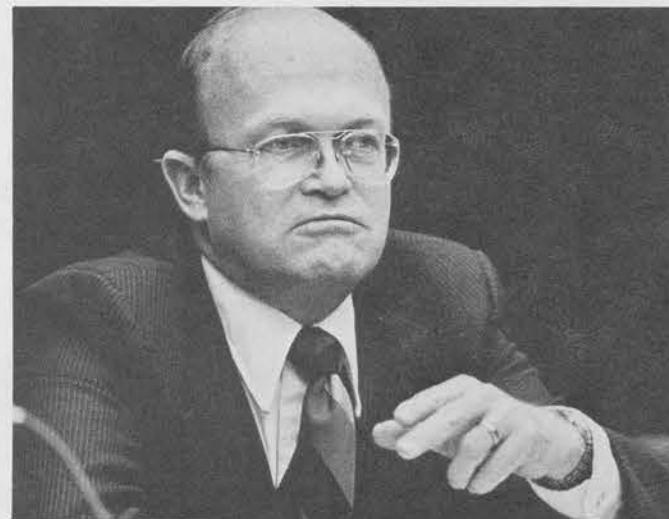
## McCutcheon

"I think visiting the correctional facilities and holding public hearings were good ideas because you get a better feel for the process by getting out of this domed marvel."



## Knutson

"If we really look at this as an opportunity to affect some lives we should expand the treatment as well as improve the facilities."



## Sikorski

"We don't intend to let our recommendations sit on the shelf and collect dust. We want the legislators to make some decisions or at least focus on the reform of the juvenile justice system in this state."



Photos by Mark M. Nelson

by Judith M. Strobel

Minnesota's juvenile justice system has run into a philosophical fork in the road.

The dilemma is how to treat the small number of juvenile offenders who commit the majority of serious juvenile offenses.

Many citizens, practitioners and policy makers want to change the direction of the system which has served traditionally as a father figure for wayward youth. They believe the system has not been successful in dealing with the serious juvenile offender. They feel today's youth should take more responsibility for their actions because they are more sophisticated and better educated than ever before.

## Select committee

In response to these and other concerns about the juvenile justice system, the Senate formed a Select Committee on Juvenile Justice. The 14-member committee, chaired by Sen. Gerry Sikorski (DFL-Stillwater), began meeting last October and is presently drafting recommendations for this session.

In an effort to examine the existing system and explore possible alternatives, the committee members visited several juvenile correctional facilities and held public hearings throughout the state.

"You get a better feel for the process by getting out of this domed marvel," said Sen. William McCutcheon (DFL-St. Paul).

The members also analyzed 100 reports prepared by state, federal and private agencies about Minnesota's juvenile justice system.

## Serious offenders

The committee's first task in addressing the problem of the serious offender was to decide which juveniles should be considered serious offenders. This is a necessary step, according to Pat Johnson, senate counsel, because "you have to decide whom to include and exclude when making recommendations and drafting laws."

Many states have had difficulty in defining the serious offender and have started defining them by the seriousness of their acts. One of the committee's most controversial preliminary recommendations follows this trend.

The recommendation concerns certification, the process for transferring juveniles to adult court for prosecution. An offender is certified if he doesn't fit the profile of the juveniles for whom the system was designed.

During the committee's research, the members learned that discrepancies exist in the certification process. They found that first-time offenders in rural areas tend to receive tougher sentences than urban youths.

"There's a great difference in the treatment of these youths who often have the same sex, age and track record," according to Sikorski. "It's inequitable to treat them differently depending on where they live rather than on what they did."

He said these judges are abusing the certification process in order to fine them for alcohol - and drug-related offenses.

Under present law, juveniles may be certified if the prosecuting attorney proves that they are either a threat to society or not suitable to treatment in the juvenile justice system. These criteria are difficult to prove because of their strict interpretation by the Supreme Court.

The recommendation would clarify the existing standards but the decision to certify as an adult would still be discretionary with the judge. The recommendation also adds a third alternative test to consider the seriousness of the offense in addition to the present standards. This third standard would focus on first-time offenders who commit a very serious offense but tend to receive lighter sentences because they have no previous court record.

The recommendation regarding certification would only apply to 14- and 15-year-olds because the committee also recommends taking all 16- and 17-year-olds out of the jurisdiction of the juvenile court.

## Confidentiality

A major distinction between the adult and juvenile courts is confidentiality. Many public hearing participants testified that confidentiality may abuse the rights of both the victim and the juvenile. They said no one outside of the case learns the results and victims are rarely notified about juvenile hearings.

The committee proposes to open up juvenile hearings to the public except in

cases where the judge decides to close them at the prosecuting or defense attorney's request. They recommend, however, that victims be able to attend closed hearings.

Although they did not recommend publicizing juvenile court records, the members want that information to be made available to adult court. They also propose the application of the Rules of Evidence in certification and other juvenile hearings, thereby prohibiting the introduction of most hearsay evidence.

## Treatment

The committee recommends improving existing secure facilities and suggests that the legislature reaffirm the state's commitment to providing educational opportunities within them. The members unanimously oppose building a new centrally-located juvenile prison because of high costs and difficulty in transporting offenders.

Sen. Howard Knutson (IR- Burnsville) said "if we really look at this as an opportunity to affect some lives, we should expand the treatment as well as improve the facilities."

The committee wants to add fining authority to the juvenile court judge's range of options and increase the state funding of restitution programs.

Several committee members believe that juvenile offenders owe debts to the victim as well as society. However, they want judges to decide if the juvenile should pay or work for the victim, provide community service or do both.

They also recommend raising the maximum liability of parents for their children's criminal acts from \$100 to \$500 to reflect inflation. The members hope raising the potential liability will encourage parents to watch their children more closely.

## Status offenders

Three types of juveniles are dealt with in the present juvenile justice system: neglected, dependent and delinquent. Minnesota is only one of seven states that still treats status offenders as delinquent juveniles.

Status offenders are truants, runaways, incorrigibles and under-age drinkers and smokers. They come to the attention of the

See Juveniles, page 12



# LCER works to streamline bargaining process

by Bruce L. Singleton

As witnessed by the community college teachers' strike last spring, Minnesota's collective bargaining structure is at an impasse.

In a pragmatic address to this issue, the 1979 Legislature in a Senate-sponsored move devised a Legislative Commission on Employee Relations to examine the dilemma and to prescribe appropriate remedies.

An outgrowth of this 12-member body, chaired by Sen. Nicholas Coleman (DFL-St. Paul) is a series of recommendations that have been promulgated to streamline the current negotiating process while guaranteeing the rights of both the public employee and public employer.

Specifically, the recommendations call for a near-unlimited right to strike provision for state employees and trimming of the state's bargaining unit structure, now a myriad of some 116 bargaining units. The provision also calls for clarification of the relationship between the Public Employment Labor Relations Act (PELRA) and Civil Service; a new labor relations division situated within the Department of Personnel; and general reformation of employee health care benefits.

## Expand right to strike

This provision calls for expanded right to strike for state and local (including school district) non-essential employees after expiration of contract. ("Essential employees" are statutorily defined as firefighters, police officers, guards at



The Legislative Commission on Employee Relations wound up its activities at a final meeting on Friday, Feb. 15.

correctional institutions, and employees of hospitals other than state hospitals.) Currently, the right to strike is limited allowing for a strike only when (1) an employee requests binding arbitration and the employer refuses or when (2) an arbitrator award is reached and the employer in turn refuses to accept the arbitrator's award.

## Streamline bargain units

This provision calls for the reorganization of the bargaining unit structure along occupational lines rather than the present "fragmented facility by facility" framework.

Presently, it is estimated that 116 individual bargaining units exist, complicating all phases of the negotiating process. This proposal would streamline this into an as yet undetermined number of units (probably around 16) for state employees and a separate classification of units for the University of Minnesota employees. (Community college teachers and state university employees would comprise individual units in the state employee section.)

Units would then be organized along job lines, such as "clerical and office unit" and "law enforcement unit". (e.g. Under the current framework, two employees performing identical job duties in two different state departments are often classified in different bargaining units and thus likely to receive dissimilar wages and benefits. The recommendation will not exclude supervisors, confidential employees or principals from collective

bargaining. But, it will require that supervisors cannot take part in the same labor organization as those they supervise, thus eliminating conflicts of interest with respect to grievance handling.

## PELRA and Civil Service

The recommendation also seeks to clarify the relationship between PELRA and Civil Service by removing the pending sunset of Civil Service section affecting the selection of employees while leaving the selection, recruitment, and promotions an exclusive Civil Service matter and not bargainable. Other sections of the measure call for:

- Represented employees to be governed exclusively by their collective bargaining agreements and for non-represented employees (estimated around 10,000) to be governed exclusively by the merit system and the compensation plan developed by the commissioner of personnel.
- Amending the current law on grievance procedures so that a represented employee must use the grievance procedure provided by contract, and cannot elect to use the Civil Service procedure, if the contract establishes a grievance procedure.
- The commissioner of personnel to prepare a plan to govern the compensation, terms and conditions of employment for all non-represented state employees.
- Repealing the existing law that restricts the salaries of deputies to 95 percent of commissioner's salary.

## Labor relations division

This measure provides for a newly created division within the Department of Personnel to be renamed the Department of Employee Relations. It will deal with labor-related matters, and essentially be a co-equal of a division of personnel matters. Currently, labor negotiations are conducted by the labor negotiator, a position most Commission members believe needs more muscle. Under the provision, the position would represent the state on issues of bargaining units, eligibility, unit placement and unit clarification. The division would be responsible for the negotiation and administration of all labor agreements, including presentation of the state's position on any bargaining matters. The division would also be responsible for drafting legislation to implement agreement, and then presenting this legislation to the Commission and to the Legislature.

## Health care benefit reform

The recommendations also seek to reorganize the state's health care package by introducing an incentive program aimed at keeping the state's costs down and by standardizing state payments to single and dependent coverage. As recommended, the provision calls for the commissioner of personnel, effective October 1, 1980, to make basic hospital and medical benefits available from at least three competing carriers. Several Commission members believe this competition could stimulate price containment.

Currently, the state's largest carrier, Blue Cross, also provides coverage for approximately two-thirds of the estimated 35,000 state and university employees, with Group Health a distant second and other health maintenance organizations (HMO's) picking up the remainder.

Many Commission members believe with the relative size and higher capital reserves of Blue Cross that the company can afford to take risks of offering a more attractive health care package while systematically spreading the costs of these added benefits over a longer period of time. In the past, many potential bidders were forced to include total administrative costs of preparing the bid into the bid price itself, thus throwing them into a higher cost bracket.

In another move to create incentive, a portion of the measure calls for a uniform state payment for single and dependent coverage. Under this provision, the amount of premium to be paid for basic dental and health coverage is to be negotiated

between the state and bargaining representatives, and employees who select a carrier whose premium is in excess of the state payment would then be required to pay the difference.

Another portion of the health care package is a provision which calls for the commissioner of personnel to appoint an Insurance Advisory Council of 12 members to advise the commissioner in the selection of carriers, the determination of benefits, and the implementation of collective bargaining agreements. Historically, these duties have been assigned to the commissioner of personnel, but various Commission members and employee unions feel a separate advisory board watchdogging this market is a necessity.

## The issues - right or wrong

The issue of occupationally-defined bargaining units is one aspect of the recommendations which meets with most debate among commission members, but not necessarily along party lines. In original drafts of the measure, some 13 bargaining units were provided for state employees. Since that time, however, the number of bargaining units has been a subject of debate due to a feeling among many Commission members that it is unfeasible to confine all occupational lines in the state to 13 or 16 units. Also, providing a separate bargaining unit for supervisors is controversial.

The right to strike provision remains an issue as well. Proponents of the measure theorize it would be a little abused provision, generally providing the clout to call a strike upon contract expiration thus accelerating contract settlement.

Opponents disagree with this, stating the current lengthy negotiating process is adequate and all that is necessary to a mutually agreeable settlement.

Little else in the series of recommendations encounter measurable opposition from Commission members, however, few will guarantee exactly what to expect throughout debate.

## Expected legislation

In spite of the controversies, Coleman and other proponents are determined to pass "reasonably significant legislation" in the area of collective bargaining this legislative session. For application during the 1981-82 contract biennium, appropriate legislation must be passed this session for the upcoming negotiating period this summer. ■

## Senate from page 3

## Taxes and Tax Laws

A traditional arena for controversy, the Committee on Taxes and Tax Laws, will again be in the spotlight as members struggle to find a method of financing highway maintenance and construction. One such method, raising the state gasoline tax as proposed by the governor, has already gathered numerous proponents and opponents. Another divisive issue expected to come before the committee, chaired by Sen. William McCutcheon (DFL-St. Paul), is a proposed constitutional amendment requiring a 60 percent vote of the entire legislature to enact any tax increase. A personal priority for McCutcheon is monitoring the effects brought about by the elimination of the Limited Market Value classification on property taxes. Concurring with changes in the Internal Revenue Code will also occupy the committee as they update Minnesota's income tax statutes.

## Transportation

Several critical issues face the Transportation Committee and two of the most important — funding for the state's highway programs and funding for the MTC — are among the top priorities for the entire legislature. According to committee chairman Clarence Purfeerst (DFL-Faribault) the four major solutions proposed for solving highway funding problems will all receive extensive consideration before action is taken by the committee. Another major concern for committee members will be accessible transportation services for the elderly and handicapped throughout the state.

## Veterans' Affairs

A Senate resolution urging the Veterans Administration in Washington D.C. to do a study on the effects of Agent Orange, a herbicide, on Vietnam era veterans will be one of the main objectives of the Veterans' Affairs Committee. The resolution, a result of several hearings during the interim, reflects the concern of a number of veterans groups and committee members about reports of health problems resulting from use of the herbicide. Other legislation to be considered, said Sen. Florian Chmielewski (DFL-Sturgeon Lake), include a measure designed to provide a tuition exemption for veterans and a bill providing veterans home ownership assistance.



## SPECIAL ELECTIONS HELD

# Senate welcomes three new members



Sen. Irv Stern

by Anita L. Neumann  
Stern

"Politics is an avocation rather than a profession," according to Irving Stern, the new state senator from District 41.

Stern, who was elected June 19 to fill the seat created by the death of Senator B. Robert Lewis, characterizes himself as a fiscally conservative Democrat with a "deep concern over and strong belief in the provision of human services."

As the former mayor of St. Louis Park, Stern sees many differences between the local and state levels of government.

"At the municipal level you deal constantly in basic human services while the legislature is so different since you're deciding for the whole state." He views the mayor's post as "able to get things done much quicker."

Stern was elected to the mayor's office in 1976 and resigned the position upon assuming his place in the Senate.

"I had no intention of running for the legislature," said Stern. When the vacancy appeared, however, several people approached him, and, believing that "opportunities are very rare," he accepted the challenge.

Stern compared the legislature to a college education stressing that he anticipated "the involvement and opportunity for input" offered by the Senate.

Like many others, the new senator views energy and transportation problems as the main issues this session.

"There is a desperate need for both comprehensive energy and transportation plans," said Stern. He stressed, however, that the main emphasis should be placed on the private sector in order to ensure the most effective implementation of such proposals.

In addition, Stern sees the need to restructure the present disaster relief system. He hopes to see the programs take a more preventative approach to specific problems rather than concentrating solely on "relief after the fact."

The senator cited the flood problem in the Red River Valley of Minnesota as a prime example of how the current programs could be restructured to make certain changes and additions which would do much to prevent the recurring problems in the area.

Another concern outlined by the senator is the necessity of establishing a state rail bank for abandoned rail lines for future uses such as power corridors. Once this access is surrendered "it's just too hard to secure it again," he said.

As a businessman, Stern has been involved in the trucking and leasing businesses, retail store management and solid waste disposal. He said the business climate is one of his areas of special interest, along with tax reform, energy and environment.

Fortunately, corresponding to some of these concerns, the senator's committee assignments include Agriculture and Natural Resources, Energy and Housing, and Transportation. Although his immediate objective is "to learn the job very well," Stern hopes one day to attain a committee chairmanship.

## Barrette

"To learn and to grow" while getting a "feel for the Senate," is the main objective this session for Emery Barrette, the newest member of the Senate.

Barrette, former chairman of the St. Paul School Board and a United Methodist Minister, represents District 66, encompassing much of the east side of St. Paul. Barrette, who joins the Senate minority, defeated DFL opponent Randy Kelly in a special election held January 8 to fill the seat vacated by John Chenoweth who resigned to head the Minneapolis Municipal Employees Retirement Fund.

Having grown up and raised his family in the area he represents, Barrette feels his ties to his community run deep and that he knows the people. Involvement in the Jaycee's and community councils have, he said, deepened his belief that the "people know what's going on."

The new senator's initial interest in politics was spawned indirectly when he chose to become a chaplain in a state workhouse rather than become the pastor of his own church.

It was during the time he spent working in the state prison system that Barrette said he realized "some changes had to be made" within the system.

As a result, he ran for and was elected to the state House of Representatives for one term in 1967. His areas of special interest at the time were health, welfare and corrections, and were reflected in his work on a variety of human rights bills considered during that session.

A few years previously he served one term as chaplain of the state House of Representatives. Barrette did not seek reelection to the House, instead he was asked to run against Joe Karth for 4th District congressman.

Unsuccessful in that attempt, Barrette served on former Governor Harold Levander's "Governor's Crime Commission" (which later became the Crime Control Planning Board), where he emphasized a "metropolitan approach to crime control."

In 1970, Barrette was appointed to fill a vacancy on the St. Paul School Board. He



Sen. Emery Barrette

was reelected for three terms and has served as board chairman for the last year and a half.

In addition, he served on the Board of Directors of the State High School League and is the Executive Director of the Minnesota Foundation for Better Hearing and Speech.

Upon his election to the Senate, he retained his hearing and speech foundation position, but was forced to relinquish his school board and high school league positions. Giving up these two posts he said, "were two of the hardest things to do" because "you really get to do things," and feel a great sense of accomplishment in administering the law at that level.

Throughout his years of involvement in public affairs, Barrette said he has always "used politics to achieve goals" and views his role in the Senate in that light. Although he sees this session as the "Senate winding down," he hopes to get started on proposals to provide regional services for the handicapped and to bring uniformity to state election ballots.

"I don't know it all, but I have ideas," Barrette said.

One of the new senator's main concerns lies with the present foundation aid formula for the state educational system. The present formula is based on growth, and according to Barrette, some fundamental changes must be made so that the formula reflects the "environment of the day."

which presently is characterized by declining rather than growing enrollments.

In addition, Barrette said, he supports "regional formulas to individualize the needs of different areas," and believes that the legislature must take care to "provide adequate resources" when mandating policy.

Barrette also stresses that he is a firm believer in the "need for an ongoing body to review the educational system" in order to keep state planning in tune with immediate needs.

Fortunately, Barrette's assignment to the Education Committee should provide him with the opportunity for input he desires. The senator also was assigned to the Governmental Operations and Judiciary Committees.

"I love working with people," Barrette said, and credits that and the help of some "fantastic people" in bringing him to the Senate. "I never thought it (the Senate seat) possible eight weeks ago," Barrette said. His family, however, was solid in urging him to seek the seat. Two of his three children, he said, are very interested in holding elective office one day.

Although Barrette said he enjoyed the brevity and excitement of the special election campaign, he admitted that there are "so many things you can't do in a short campaign" and that he is already anticipating the time he will have to knock on doors and work with the people again on his next campaign.

Photos by Mark M. Nelson

## Stokowski

Anne Stokowski, newly elected to the state Senate from District 55, helped to establish another 'first' in Senate history by bringing the number of women simultaneously serving in the Senate to an all time high of four.

Stokowski, a DFL-er, joins Emily Anne Staples (DFL-Plymouth), Nancy Brataas (IR-Rochester) and Dee Knaak (IR-White Bear Lake) in composing the Senate's female membership this session.

By winning the special election held November 6, Stokowski fills the vacancy created by the death of her husband Eugene last August.

The new senator is emphatic in pointing out that she views her current role as much more than that of a caretaker.

"I'm not seeking to finish Gene's work. I'm seeking this on my own merits because I want to help the elderly, and the youth and the poor families in my district," she said during the campaign.

Her "merits" include extensive involvement in DFL political activities including the management of her husband's 1976 Senate campaign. In addition, she has a record of community involvement spanning 20 years. This involvement includes work in Sacred Heart Catholic Church, the Windom Park Council, PTA, senior citizen services and the Minneapolis Council of Camp Fire Girls for whom she is serving as chairman of the organization's main fund-raising activity, the candy drive. In addition, she is on the organization's

See Stokowski, page 12



Sen. Anne Stokowski is congratulated by Sen. Emily Anne Staples (DFL-Plymouth) after taking office.



# Opinion

## Minority

by Sen. Dee Knaak

The 1980 session of the Minnesota Legislature promises to be short but intense, judging from the experience of the first week. Despite predictions in the media of a very partisan session we in the minority anticipate that there may be more bipartisan agreement than predicted by outside observers. For example: education issues such as transportation aids, PELRA amendments, and AVTI construction are expected to be nonpartisan.

There are obviously some important and highly controversial issues to be taken up in 1980. Early indications are that the disagreements will not necessarily follow strict party lines in the Senate.

One of the livelier debates of this session will certainly focus on Governor Al Quie's proposal to add a new state four percent sales tax to gasoline to raise funds for highway construction and repair. The second part of his proposal is to cut the existing nine cents per gallon state tax on gasoline to seven cents. There are also several other proposals in the hopper to provide funds for general highway maintenance.

Perhaps more than any other issue, it appears that a "Senate position" will develop rather than any DFL or IR position. There is not unanimous agreement within the minority caucus on how to handle this question. There are some who feel we must do something to bolster a highway maintenance fund that is getting dangerously low. Others question the seriousness of the problem and still others question the wisdom of imposing an additional tax at the same time a surplus is developing in the state treasury.

Certainly no consensus has developed in the minority caucus in support of the Governor's proposal. It seems unlikely to this Senator that the Governor's specific proposal will receive widespread support in the Senate.

More partisan lines could be drawn in the debate over four amendments to the state constitution which have been proposed by Governor Quie but even on these issues strict party votes seem unlikely.

The proposal to take reapportionment out of the legislature and give it to a special bipartisan commission has the best chance for approval. Bills to achieve this goal passed both the House and Senate with bipartisan support in 1979 but were stalled in conference committee when the session ended. If the differing versions can be comprised a bill could pass early in this session.

The most controversial amendment offered by the Governor would grant citizens the power of initiative and referendum. It is anticipated this proposal will be the subject of severe partisan bickering.

Virtually everyone in the minority caucus supports the concept of initiative and referendum, but that has not translated automatically into support for the proposal favored by the Governor.

It appears that the clearest party lines will be drawn around two proposed constitutional amendments affecting state spending. I am the chief Senate author of one amendment which would require a 60 percent vote of the legislature before new taxes could be imposed or existing rates could be raised. A second amendment would prohibit state spending from increasing faster than personal income in Minnesota.

Both of these proposals enjoy widespread support within the minority group. The constitution already requires a 60 percent vote of the legislature to pass a bond issue. Since bond issues are really indirect taxation, it seems logical that a similar vote should be required to impose direct taxation. Tying state spending increases to increase in personal income would merely insure that our budget does not increase faster than our citizens' ability to pay the bills.

The issue of energy assistance, how much and what kind, seems destined to produce a direct confrontation between the Republican governor and the DFL leadership in the legislature. Both Governor Quie and DFL legislators have offered energy assistance programs. Each proposal provides increases in

Sen. Dee Knaak



conservation and weatherization programs, and cash assistance to a greater number of people than the federal program. The difference is that Governor Quie wants to use the maximum federal dollars (from wind-fall profits) and use state general tax dollars to fill holes in the federal program. The DFL legislators feel the state should set higher income limits and spend more of the state tax dollars.

The minority caucus is in general agreement with Governor Quie and his proposal. The Governor's program is a good one. It will meet the more urgent needs and concerns of all Minnesotans.

Our feeling is that the more serious, long-range energy problem is supply *rather* than price. Minnesota is a high energy-consuming state because of its climate. At the same time, because of its geographic location, it is the state most distant from present sources of supply. With Canada having decided to cut off its shipments of crude oil to Minnesota in 1981, the state could easily face the problem of not being able to obtain fuel at any price. Putting emphasis on conservation and weatherization will help us sharply reduce our need for fuel and thereby ease the possibility that we will soon face a supply crisis in this state.

Aside from the fact that direct cash payments to help pay heating bills do not reduce energy consumption, there is the additional fact that government programs, once in place, have a tendency to continue to grow.

We in the minority believe assistance to help the poor pay their heating bills will be forthcoming and we intend to support it. However, we believe it is a wiser policy to put emphasis on providing the means to reduce the amount of fuel the average individual needs to heat his home. This is the real crux of the problem and will likely be the focus of the coming debate between the Governor and the DFL legislative leadership over the type of energy program the state should enact.

## Majority

by Sen. Edward Gearty

The late John F. Kennedy once said that his experience with government was "that when things are non-controversial, beautifully coordinated and all the rest, it must be that there is not much going on."

By those standards, it is clear that there will be plenty "going on" during the 1980 session, as we consider a wide range of controversial issues ranging from a quartet of Constitutional Amendments to a gas tax increase to a change in the legal drinking age.

Overall, however, I feel the most crucial issues of the 1980 session will relate to energy and inflation, with the Legislature working to protect Minnesotans from the impact of the energy crunch and our inflationary national economy.

A key issue sure to surface early in the session — and one which has dominated the interim — will be energy purchase assistance. The 1980 Legislature must place a high priority on protecting low and middle income Minnesota households from the skyrocketing cost of home heating.

A definite split between the Governor and the Senate on this issue may very well ignite considerable controversy at the Capitol. While the Governor still prefers to rely primarily on federal funds to fill energy purchase assistance needs, the DFL-controlled Senate prefers a comprehensive state-supported program to supplement the federal effort.

I might add that information coming out of the Community Action Program agencies administering the federal program provide solid evidence that it is not meeting the total need in our state. In fact, it has been reported that close to 70 percent of those applying for energy purchase aid are being turned away because they fall outside the program's stringent income limitations. Among those being rejected are low income workers supporting families; senior citizens on Social Security; and low income families facing large medical expenses.

With those facts in mind, I think it is imperative the Legislature approve a

comprehensive energy purchase aid program early in the 1980 session. The Senate plan now calls for 20 million dollars in aid (in 1980 and 1981) for those with incomes between 125 and 150 percent of poverty level.

We will also be looking at a variety of proposals designed to help Minnesota homeowners meet the rising cost of home weatherization efforts, with legislation introduced which would provide 12 million dollars in home weatherization loans and grants over the coming two years.

In this same area, we will consider a state tax credit for home weatherization efforts. That credit would be equal to the current federal tax credit — 15 percent of the first \$2,000 spent on such projects as insulation improvements, storm window purchases and installation, weatherstripping, caulking and furnace repair.

I might add that there is also growing support for the consideration of a measure extending the weatherization credit to businesses — a move which would be a special benefit to small businesses.

Just as rising energy and weatherization costs are inflicting a growing burden on Minnesota pocketbooks, health and medical care costs are also taking an ever-larger bite from the family budget.

Therefore, the 1980 session will also see the consideration of a number of proposals designed to reduce "out-of-pocket" health expenses. Among the proposals being discussed are: more stringent rate review; incentives to competition among medical facilities and health insurers; and tax incentives designed to encourage employers to offer comprehensive health care coverage.

One area where inflation has hit particularly hard is in the cost of home care for an elderly, disabled or handicapped family member. In many cases, the cost of such home care is so high that a family is forced to institutionalize a disadvantaged family member regardless of their personal feelings. This session we will be looking at several proposals intended to provide financial assistance — in the form of tax credits or grants — to families facing the situation.

In another inflation-related area, rising construction costs coupled with reduced gas tax revenues, have severely crimped our high-way budget. Department of Transportation figures, in fact, indicate that more than 120 highway projects may have to be cancelled or deferred over the next five years, unless additional funds are found.

While there is general agreement that additional funding is necessary, there will be considerable debate on what form that funding should take. The Governor's proposal to extend the four percent sales

Sen. Edward Gearty



tax to gasoline, for example, is generating heavy criticism.

The main objection thus far has been that the Quie sales tax proposal is inflationary, and would create a tax over which state government has little or no control. The reason is that the per gallon tax levied through a sales tax would continue to increase as long as gasoline prices continue to increase. With a sales tax on gasoline in effect, the tax per gallon has the potential to increase *on its own initiative*. The Legislature, I believe, has a responsibility to ensure better control over tax levies and revenues than would be possible under the Governor's sales tax proposal.

In addition, extending the sales tax to gasoline seems to go against established trends. In recent sessions, for example, we have been working to exempt additional products and purchases from the sales tax (such as home heating costs and residential sewer and water bills), rather than extend the tax to new products. Therefore, I see the 1980 session including the consideration of a wide range of highway funding proposals ranging from a moderate increase in the gas tax to the transfer of motor vehicle excise tax revenues to the Highway Fund (from the General Fund.)

In another inflation-related area, the Department of Education has predicted rising gasoline prices will result in a shortfall of 12 million dollars in school transportation funding. With that in mind, we will be reviewing and, most likely, modifying the Transportation Aid formula this session.

These, then, are a few of the issues which will surface during the 1980 session. While there are other issues — Constitutional amendments, for example — which may generate considerably more controversy and publicity, I sincerely believe the 1980 Legislature's most pressing priority must be to protect Minnesotans from the impact of inflation and the energy crunch.

That, in itself, is a considerable challenge, and one I feel the Legislature is ready to accept and capable of meeting.



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Room B-29 — State Capitol  
St. Paul, MN 55155

#### Majority Liaisons

Sen. Hubert H. Humphrey III  
Sen. Roger D. Moe

#### Minority Liaisons

Sen. Robert G. Dunn  
Sen. John Keefe

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Room B29 — State Capitol  
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## People

On the cover is the **Rev. Nicholas J. Finn**, chaplain of the state Senate for the past seven years.

Father Finn, who is 89-years-old, has been a Catholic priest for 60 years and is the only surviving member of the 1919 graduating class of St. Paul Seminary.

Finn was born in Ireland and studied at St. John's University in Waterford before coming to St. Paul where he was ordained on June 1, 1919.

During his many years as a priest he served as pastor of St. Mary's Church in St. Paul, St. Joseph's in Montevideo, St. Mary's of the Lake in Golden Valley and St. Mary's of the Lake in White Bear Lake. Finn is now retired and living at the Regina Residence in Hastings.



In addition to his full time duties as Secretary of the Minnesota Senate, **Patrick Flahaven** is currently serving as staff vice-chairman of the National Conference of State Legislatures.

Elected last summer, Flahaven holds the second ranking position within the legislative staff division of the organization that is made up of administrative, research and legal legislative staff.

The conference is an organization composed of members and staff of the country's state legislatures and, according to Flahaven, is designed primarily as a mechanism for exchanging ideas and information.

## Stokowski

from page 9

Board of Directors, Finance Committee and Executive Committee.

The new senator described herself as a housewife adding, "family pride and community pride aren't all that different." She said she has great pride in her district and feels she knows the people and their problems. "I can promise them the same type of caring representation they had when my husband served them," she said upon announcing her candidacy in September. Stokowski represents Northeast Minneapolis, part of Columbia Heights and St. Anthony.

"I'm my own person and I'll make my own decisions," she said. Those decisions will soon be evident in the duties connected with her assignment to the Education, Governmental Operations and Elections Committees. She has been named vice-chairman of the Elections Committee.

Stokowski said she first thought of running to succeed her husband when the possibility was mentioned shortly after his funeral.

"I like politics," she said, and her children "encouraged me to run as much as anyone did. They've always been involved in politics — the whole family has. After Gene died we had to pick up our lives and go on, and public service is our life."

She delayed the announcement of her decision to run, however, because of a family illness.

The DFL convention of September 17 unanimously endorsed her on the fourth ballot. Stokowski then went ahead to defeat her primary challenger, Les Betts by a 10 to one margin. She beat her IR opponent, Wally Schrade, by a three to one margin in the special election.

## Juveniles

from page 5

court for offenses which wouldn't be considered crimes if they were adults.

The committee proposes to remove the truants and incorrigibles, including runaways, from the delinquent category and place them in the dependent category.

"It's important to recognize that these juveniles aren't victimizers but are victims themselves of the system — perhaps due to a family breakdown — so they shouldn't be given the delinquent stigma," said Sikorski.

The committee believes that judges will have more options to treat these juveniles and their families if they can be referred to their county social service agencies.

The members also recommend repealing the under-age smoking statute because it is impossible to enforce.

Sikorski is confident that the committee's work won't reach a dead end. "Even though the issues have been around a long time because they are so hard to define, we don't intend to let our recommendations sit on the shelf and collect dust."

"We want the legislators to make some decisions or at least focus on the reform of the juvenile justice system in this state."

## Perspectives

Perspectives is a publication of the Senate Public Information Office. The office also issues weekly news summaries and other publications that are available free of charge to interested and concerned citizens. For further information, call (612) 296-0504 or write to: Senate Public Information Office Room B-29 State Capitol Building St. Paul, MN 55155

Federal Reserve Bank of Minneapolis  
250 Marquette Avenue Minneapolis, Minnesota 55480

May 16, 1979

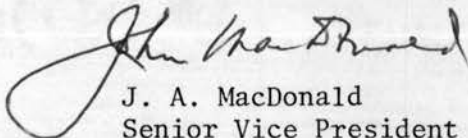
The Honorable Emily A. Staples  
23G State Capitol  
St. Paul, Minnesota 55155

Dear Senator Staples:

After long months of work by the Foster Care Task Force to develop a subsidized adoption bill that would benefit so many needy children, the Task Force members were discouraged by the prospect that the bill would be sidetracked by the press of urgent business in the closing days of the session.

Your recent action in introducing the bill and supporting it during the hearings was very good news to those of us who have worked hard to get this new program under way. I realize that this was a dedicated extra effort on your part, and I just wanted to say thank you very much for your help.

Very truly yours,



J. A. MacDonald  
Senior Vice President





# State of Minnesota

## SENATE

MEMO

To: DFL Senators

October 8, 1980

From: Ray J. Joachim

Re: Legislators Pension Bill

You should have already received a September 26, 1980 memo from caucus researcher Marcia Greenfield regarding facts pertaining to legislative pay, pensions and per diem issues. That packet of information should be examined closely by all DFL Senators who voted for any of the bills related to the above items.

The attached information pertains specifically to the pension issue and was authored by Keith Carlson, Senate Tax Committee administrative assistant. It is language you may wish to incorporate in any manner you desire in order to combat a charge against you regarding the pension bill.

If you require additional information on this subject do not hesitate to contact this office.

Enc.





\* My opponent would lead you to believe that as a Senator I will receive a pension immediately after completing six years of service in the Minnesota Legislature. However, I would not receive one dime of my legislative pension until reaching the age of 62, if I would serve as a legislator during the 1981 Session.

\* Because I voted for the Pension Reform Bill, a legislator now must reach the age of 62 before receiving a legislative pension. Previously that age requirement was 60 years of age. Thus, in this regard, my vote saved taxpayers dollars.

\* My opponent attempts to mislead the people of this district by using technical words such as "vested." Vesting merely means that a person has an unabridged right to receive a pension at some point in the future.

\* My opponent would have you believe that the vesting requirements for legislative pensions is extremely liberal. In fact, the Internal Revenue Code generally requires that qualified private pension plans either partially vest employees after only five years service or fully vest them after ten years of service. In other words, the legislative pension program follows the Internal Revenue Code guidelines.

\* Prior to the Legislative Reform Act I supported, a legislator could potentially retire at a pension equal to 100% of his or her final monthly salary as a legislator. Because of the support I and other Senators gave to this bill, legislators such as myself can retire at only 50% of our average monthly salaries and this goes into effect only after 20 years of service. Again, this measure provides a great dollar savings to Minnesota taxpayers.

\* The pension bill approved by the Legislature saved taxpayer dollars via another provision. The bill we passed increased the percentage of a senator's salary he or she must pay towards the cost of that legislator's pension. This percentage was at 8%, we increased it to 9%.





Plymouth

Minnesota  
Department of Transportation  
District 5  
2055 No. Lilac Drive  
Golden Valley, Minnesota 55422.

(612) 545-3761

June 4, 1980

Honorable Emily Anne Staples  
Minnesota Senate  
235 Capitol Building  
St. Paul, Minnesota 55155

RE: S.P. 2723-66 (T.H. 55)  
Realignment & Channelization  
At T.H. 55 and CSAH 15  
Plymouth

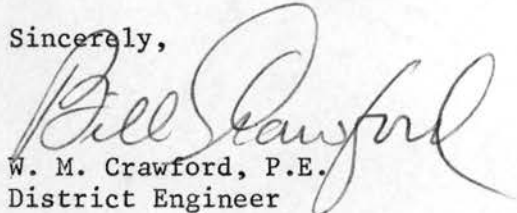
Dear Emily Anne:

As discussed with you by phone, I am transmitting a copy of the hand-out that is to be used at the public hearing for this project on June 16. Included with the handout is a small scale map of the proposed safety revisions to T.H. 55 at Saratoga Lane.

The project is supported by the City of Plymouth. In fact, the city has already purchased some of the necessary right of way.

If I can help in any other way, please let me know.

Sincerely,



W. M. Crawford, P.E.  
District Engineer

S.P. 2723-66 (T.H. 55)

Minnesota Project Number F 022-1( )

Realignment and Channelization

at T.H. 55 and CSAH 15

in the City of Plymouth

Hennepin County

Hearing Conducted By

The Minnesota Department of Transportation

Hearing Held at the Plymouth City Center

Monday, June 16, 1980

7:30 P.M.



It is the intent and desire of the Minnesota Department of Transportation and the Federal Highway Administration to provide a means through which all interested parties may have the opportunity to be fully informed of proposed highway location and design features, effects to adjacent land owners and the economic, social, and environmental impacts to the community, as well as to obtain comments from the affected individuals and agencies concerning the design criteria. The combined public hearing procedure is in accordance with Title 23, Section 128, of the United States Code as recommended by the Federal Highway Administration policy which was issued to insure "...that highway locations and designs reflect and are consistent with Federal, State and local goals and objectives and provide a medium of free and open discussions and to encourage early and amicable resolutions of controversial issues that may arise."

#### Proposed Construction

Proposed State Project 2723-66 consists of the realignment of CSAH 15 and a portion of Saratoga Lane North and the relocation of the CSAH 15 access with TH 55, approximately 350 feet to the west. The north frontage road will be extended approximately 350 feet west to form a new single access with TH 55, replacing two existing accesses. Right- and left-turn lanes along TH 55 will be constructed at the relocated intersection. Channelization and a free-right-turn lane will be provided on CSAH 15 approaching TH 55.

The project is scheduled for a November 20, 1981, letting at an estimated cost of \$200,000.

A Layout displaying these proposed improvements is attached.

## RIGHT OF WAY ACQUISITION

It is anticipated that there will be a small amount of additional right of way required for this project. Necessary right of way will be acquired by the City of Plymouth. The acquisition will not require the relocation of any persons or businesses. The right of way will be acquired in accordance with the 1970 Uniform Relocation Assistance and Real Property Acquisition Policies Act passed by Congress, and the 1971 State Relocation Assistance Law. Right of way acquisition will not begin until Design Approval is received from the Federal Highway Administration (FHWA). It is expected that Design Approval will be requested from the FHWA approximately two months after the hearing.

## SUBMISSION OF MATERIAL FOR THE OFFICIAL TRANSCRIPT

An official transcript will be made of this hearing. Persons wishing to submit a written statement or other information instead of, or in addition to, oral statements at tonight's hearing may do so by submitting material to:


Mr. W. M. Crawford, P.E.  
District Engineer  
Minnesota Department of Transportation  
2055 North Lilac Drive  
Golden Valley, Minnesota 55422


This may be done for a period of ten days following the hearing. All material submitted will be included in the official transcript of this hearing. All correspondence submitted must be postmarked no later than June 26, 1980.



SJ GROVES  
BLDG ADD

**KEY**

 NEW CONSTRUCTION

 OBLITERATE

SCALE: 1" = 100'

# CITY OF PLYMOUTH



DEVAC INC.  
10130

FORD'S GOLF CENTER  
10354

QUAKER LANE N.

TH 55

COUNTRYSIDE ESTATES  
APTS

TH 55

OFFICE BLDG.  
10601

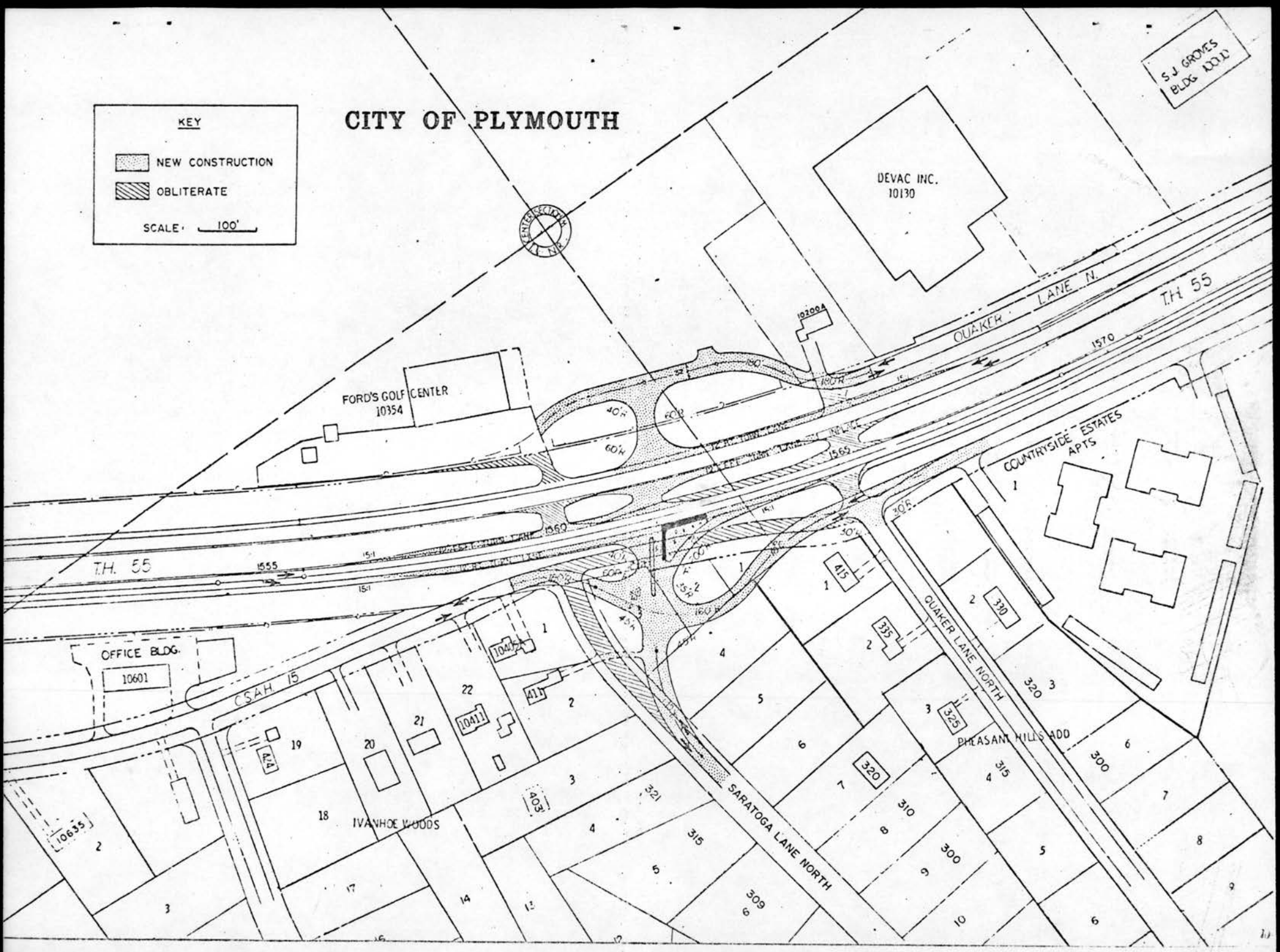
CSAH 15

IVANHOE WOODS

SARATOGA LANE NORTH

QUAKER LANE NORTH

PHEASANT HILLS



## OVERVIEW OF NHI ISSUES

I. Introduction

This informational briefing paper

- briefly summarizes recent efforts to enact NHI
- presents facts that highlight the need for NHI
- summarizes Presidential statements on NHI
- reviews in some detail the major issues that must be resolved if NHI is to become a reality
- indicates present rough estimates of the cost of NHI, and
- discusses phasing options.

Recent History

Organized labor sparked a revival of interest in national health insurance in the late 1960's. This revival followed a 30 year lull that began when Congress decided not to enact President Truman's NHI proposal. The United Auto Workers helped organize the "Committee of One Hundred for National Health Insurance" which drafted a bill introduced by Senator Kennedy in 1970 - the Health Security Bill. Since then, numerous health care groups, the Nixon administration, and various consumer groups have introduced an annual series of bills; both the Senate and House held hearings; but no consensus has been reached favoring any one approach.

Most of the major health insurance bills have been re-introduced in the current Congress, but the relevant committees appear to be waiting for an indication of the views of this Administration prior to initiating any action.

II. Goals or Objectives of National Health Insurance

The various plans that have been proposed broadly reflect two different views of the appropriate objectives for national health insurance. Some feel that national health insurance should be very narrowly focused, aimed solely at preventing hardship and ensuring that all persons who need medical care can afford to seek it. Alternatively, health insurance has been viewed encompassing these objectives and in addition providing a means to encourage certain changes in the organization and delivery of health care services.

Those insurance plans based on a narrow focus attempt to:

- o Ensure that all who need medical care can afford to seek it
- o Ensure that no one suffers financial ruin from high medical bills



Broader conceptions of national health insurance see insurance payments as a means of accomplishing these goals and providing a means to intervene in the health care system to encourage such reforms as:

- o Developing services in rural and inner-city areas
- o Helping consumers use health care services appropriately
- o Stimulating innovative low-cost approaches to the delivery of services
- o Enforcing quality standards.

Interventionist health insurance programs also seek to:

- o Impose cost controls and promote efficiency
- o Promote health through wide-ranging prevention activities

### III. Major Problems in the U. S. Health Care System

The nature of the national health insurance program sought — narrow financing plan or a broad interventionist national health program — depend upon the perceived problems in the financing and/or delivery of health care services, and assumptions about the role insurance should play in addressing such problems.

The major problems are:

#### o Poor health status

The health status of many Americans is not as good as it should be if adequate health care services — including preventive care — were readily available in all parts of the country and within the financial reach of all families. Because appropriate health services are not always readily available or appropriately used; many suffer from premature death or preventable disability. This is particularly true among minority groups and persons living in inner city or rural areas. For example:

- Infant mortality rates are 51 percent higher in urban poverty areas than in the nation as a whole and even nationally the United States ranks fifteenth in infant mortality with 16.7 deaths per 1,000 live births compared with Sweden at 9.2 per 1,000.
- Life expectancy in the U. S. is also comparatively poor. The U. S. ranks 19th in life expectancy for men and 9th for women.

- Rates within the U. S. vary widely by race with blacks enjoying a life expectancy of five years less than whites.

o Problems of Access

To the extent that health status differentials result from lack of health care, that deprivation can generally be attributed to access problems. Access problems can result from financial barriers or from the absence of providers in a given area.

Insurance coverage in the private sector is closely related to income, thus an estimated 19 million individuals with FY-78 incomes of less than \$10,000 have inadequate private insurance coverage, another 26 million have no private insurance coverage. Medicaid and other public programs provide protection for only a fraction of the uninsured families. An estimated 18 million persons — or nearly one American in 10 — have no financial protection against health expenses through either public or private programs.

Other types of access problems result from the concentration of physicians in metropolitan areas and the increasing tendency of physicians to enter specialty practice rather than the general practice of family medicine. Many rural families have no physician or other provider available; in inner-city areas the only readily available physician may be in the emergency room of a hospital — hardly the most satisfactory or efficient setting for routine family care. As a result:

- 45 million persons nationally are estimated to live in areas which have been designated by HEW as medically underserved.
- Among families with incomes of less than \$5,000, 27 percent either have no regular source of care or go for routine treatment to a hospital outpatient clinic or emergency room.

o The High Cost of Medical Care

Prices of health care services have increased 12.7 percent annually, on average, over the past decade, more than twice the 5.7 percent increase of all consumer prices. If this trend continues, health expenditures which currently consume 8.6 percent of GNP will reach almost 9 percent of GNP by 1980. This has occurred in part because the current approach to financing the delivery system encourages waste, unnecessary utilization of expensive services and impedes the development of health maintenance organizations and other efficient forms of organizing health care services. The rise in health expenditures creates a burden on both employers and individuals.



#### IV. Relationship of Problems in Health System to National Health Insurance

Those who view national health insurance as a narrow program intended to pay the bills but not to otherwise intervene in the organization and delivery of health care services acknowledge the existence of some or all of these problems, but contend that they should not be addressed through financing but by other means. Those with a wider or more interventionist view of health insurance believe that the financing system provides the only effective leverage for creating change.

Even the strongest proponents of an interventionist plan do not claim that enactment of national health insurance will have an immediate impact on many indices of health status. Changes in health status will occur slowly and will be influenced by many determinants such as:

- o Genetic factors
- o Personal life styles
- o Diet
- o Safety of jobs and communities
- o Clean air and water
- o Preventive health services
- o Quality medical care

But preventive care and the ready availability of quality medical care when needed are essential to support improvements in other areas.

#### V. Summary of Carter Administration Statements on NHI

Presidential statements to date regarding national health insurance have supported a plan which would attempt to deal with the three major problem areas discussed: coverage, costs and access; and through improvements in each to influence the long-term health status of the American people. The President's stated principles are consistent with a range of approaches to national health insurance. The precise nature of the Administration health insurance proposal will depend upon decisions on eligibility, covered benefits, methods of reimbursing physicians, hospitals and other providers, ways to reform the health care system through NHI, methods of financing, and administration. Key issues in each of these are highlighted below:

##### A. Eligibility/Entitlement

- o Who should be covered by national health insurance?

The President has consistently called for "universal" and "mandatory" insurance coverage. It is assumed, therefore, that the Administration's national health insurance proposal will cover the entire population.

Several decisions remain, however, in interpreting how the objectives of "universal" and "mandatory" coverage are to be realized.

Universal coverage can be achieved either through a tax-financed plan or a mandated employer and residual public plan. It is most easily assured in a publicly-financed plan, because in an employer insurance plan a certain number of people may fail to obtain coverage, while a tax-financed plan can sever eligibility from financing. An important factor is the question of whether individuals should be free to elect or to decline coverage. If people can decline coverage, how should society respond when someone who has elected not to enroll in a voluntary plan needs assistance?

Other issues include coverage of illegal aliens, visitors to this country, and Americans living abroad.

#### B. Benefits

Key issues in the design of a benefit package for national health insurance include:

- o Which services will be eligible for reimbursement under the insurance plan, and which practitioners will be permitted to deliver those services?
- o How much, if any, cost-sharing will be imposed either through deductibles or co-insurance?
- o Should cost-sharing requirements be lowered or eliminated for the poor? If so, how should this be integrated with the Program for Better Jobs and Income?

Services to be Insured. A broad consensus over benefits to be included under NHI exists. Commonly accepted benefits include all acute care services (physician, hospital, laboratory and X-ray), a limited amount of drug therapy, and certain preventive services for children and mothers. There is less agreement about whether the following services should be included:

- o Long Term Care. Long-term care services may be included as an insurance benefit. On the other hand, it may be more appropriate to pay for such services through a grant program. Under the latter approach, it may be possible to maintain a greater degree of control over appropriate placement of the aged and disabled than is possible in an entitlement or insurance program.
- o Preventive Care. Coverage of preventive services can add substantially to the immediate total cost of the NHI program. Some of these costs may be offset later by improved health of the population. The cost of providing preventive services varies significantly by the type of insurance mechanism chosen, the level of reimbursement, and the types of eligible providers.



- o Mental Health Services. The issue of what types of mental health benefits will be provided under national health insurance, and in which settings, and what types of mental health professionals will be permitted to claim payment for providing care will be one of the most difficult decisions in the benefits area. We do not know the cost of insuring mental health services on the same basis as other types of care.
- o Dental Care. Despite the health gains from covering dental services, full coverage would be prohibitively costly because of the large backlog of demand for dental care unless methods of delivering dental services undergo a radical change. Experience under the Canadian national health insurance system suggests that it may be necessary to begin with limited benefits, such as a nationwide school dental service for children.

Patient Cost-Sharing. Cost-sharing through deductibles, coinsurance, and copayments has been a characteristic feature of private insurance and Medicare. Cost-sharing has two effects. First, it reduces program costs by having the patient pay part of the bill directly. Second, cost-sharing can make patients and providers sensitive to the cost of health services, causing them to economize by using fewer or less costly services. There is considerable uncertainty about the amount cost-sharing reduces utilization and whether such reduction is in unneeded or beneficial services.

It is universally agreed, however, that if a plan contains cost-sharing, these amounts should be reduced or eliminated for low-income persons. Full subsidies could be provided to all families receiving payments under the Program for Better Jobs and Income, or lower income cut-offs for subsidies could be established. Lower cutoffs could reduce the cost of the plan, but they would impose a burden on the poor and add to the marginal tax rates embedded in the Program for Better Jobs and Income proposal.

The decision about whether and how to introduce patient cost-sharing will be among the more difficult in NHI planning. Cost-sharing does add significantly to administrative expense and the complexity of the program. Added costs result from the expense of tracking the cost-sharing provisions. The income-testing required if low-income families are to be excused from cost-sharing is also costly. Retention of cost-sharing for low-income families creates a role for State supplementation, further complicating administrative mechanisms.

#### C. Reimbursement/Cost Controls

- o How will providers (hospitals, physicians, and others) be paid? To what extent will changes in reimbursement mechanisms be used to control the costs of health care, to change the distribution and organization of services, and to improve access?

The design of provider reimbursement methods is key to the cost of national health insurance over the long run. Some alternative approaches include:

- o Area-wide health budget. Each defined region is allotted a fixed, prospectively-established budget. Increases in this budget over time can be geared to growth in GNP, earnings, or other economic indices, or alternatively the budget could be set each year based on projected needs. The budget could be allocated to areas of the country based on population, estimated need, cost of living, or other criteria. Within each area, budgets for hospitals or other institutional providers could be determined, and sums set aside for reimbursement of physicians and other independent health professionals. This approach, however, may lead to political difficulties and administrative problems in that — the decision as to each area's allocation could demand very sophisticated indices, and the allocations become very visible politically and could lead to pork-barreling.
- o Fixed-budgets for institutional provider. Most industrialized nations with comprehensive health plans have set pre-approved budgets for hospitals and other institutional facilities. There is reasonably broad agreement within the U.S. that hospitals should be paid according to a prospectively set rate or budget. Consensus breaks down immediately, however, when the prospectively determined budget or rate is discussed in detail. Should the limit be set for an area or for individual hospitals? What role should State and local health planning agencies play in establishing the reimbursement rates? How can incentives for efficiency be incorporated into hospital reimbursement controls? A related issue is the appropriate combination of reimbursement controls with State and Federal regulations used to control the number and location of hospital beds. Again, the Canadian experience demonstrates that unless the number of excess hospital beds is sharply reduced, program costs will be excessive.
- o Physician reimbursement. The physician is the key health care decision-maker. Change in physician reimbursement will not come easily or quickly: there are only some 7,000 hospitals, but over 300,000 physicians; physician service data are poorer and harder to improve than are hospital data; attitudes toward physicians as individuals are quite different from attitudes toward hospitals as organizations — actions, for example, that restrict the income of individuals may be less acceptable than actions that restrict the income of institutions.

Physicians may be reimbursed

- on a fee for service basis
- by salary,
- through capitation payments,
- or a combination of variations of these methods.



There is evidence that hospitalization rates of patients cared for in health maintenance organizations and community health centers are considerably lower than patients cared for in the fee-for-service delivery system. The dollar savings and quality improvement associated with decline in the use of hospital services is significant. The NHI program, therefore, should be designed to stimulate the expansion of prepaid group practice and other organized systems for delivering care.

Key issues in designing a physician reimbursement/cost control scheme under NHI include:

- whether fees should be set or negotiated;
- how fees should be changed over time;
- whether the fee schedule should be an instrument for influencing the geographical and specialty distribution of physicians;
- how fees can be used to promote organized ambulatory care settings and more efficient methods of delivering services.

#### D. Changing the Delivery System

- o Should NHI be used as a tool to limit or influence the supply of physicians or other health manpower, facilities or services? Should NHI be used to assist individuals in making more informed use of the health care system? Should NHI include supplementary funds for the development of resources in underserved areas and for supplementary benefits for special target groups? Should quality assurance controls be built into an NHI plan?

NHI may be used directly to influence the size and shape of the delivery system. A national health insurance proposal could include, or be accompanied by, a plan:

- controlling supply and distribution;
- affecting the way in which individuals use the system;
- assuring that special needs, particularly of disadvantaged persons, are met through direct delivery services, and
- assuring that services meet quality standards.

*change modality of delivery. Inge*  
Controlling supply and distribution. NHI will affect the number and distribution of doctors, hospitals, and other providers through reimbursement and other more direct controls and regulations.

The two most important problems are:

- the geographic maldistribution of physicians and other providers with rural areas and central cities underserved, and
- the maldistribution among various levels of service, with a relative shortage of primary care (preventive and basic ambulatory care), and a relative glut of secondary (specialist) care and tertiary care (provided by a subspecialist in a teaching hospital).

Reform of the reimbursement system can help redress both imbalances by assuring that equivalent services are reimbursed equally wherever provided and whether provided by primary, secondary, or tertiary providers. Some favor additional controls on the number and type of medical specialists through regulation of residency training and licensing. It has also been suggested that NHI include measures designated to control the number of hospital beds and reduce unnecessary and duplicative capital expenditures by hospitals.


Affecting the Way Individuals Use the System. NHI can encourage individuals to seek and use the right service at the right time. HMOs and Community Health Centers channel consumer demand to the appropriate level of care, but, for the foreseeable future, these organized settings will reach only a small proportion of the population. Other means of guiding patients to the appropriate service and provider in the world of solo-practice medicine include:

- o Greater use of preventive and primary care that reduces the need for hospitalization and discourages inappropriate use of specialty services could be encouraged in part by comprehensive coverage of primary care.
- ← o Improved patterns of consumption could be encouraged by health education programs funded under NHI.
- ← o Beneficiaries could be required to identify a primary care provider at the time of enrollment and reimbursement of secondary and tertiary providers allowed only if the patient was referred by a primary care provider.

Delivery of Services. Some important services may not be provided by the private market even with regulation and financial incentives.

- o Disadvantaged persons in medically underserved areas may continue to lack access to quality care. In addition to a lack of appropriate providers, these persons face discrimination, lack knowledge, and suffer from unhealthy environments and geographic isolation. Even where some care is available, it may be fragmented and episodic, as with hospital emergency rooms and outpatient departments, and of questionable quality, as with high volume "Medicaid mills." A major effort to expand federally funded primary care programs, such as community health centers may be called for as well as health related support services such as out-reach, transportation, home care and environmental control in advance of National Health Insurance.



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- o Public health services such as disease prevention and control, which benefit communities rather than individuals, are not appropriate for an insurance reimbursement plan and are not traditionally provided by the private market; these services should be carefully evaluated in conjunction with national health insurance. In addition, certain mental health, drug abuse and alcoholism services have components that may pose problems of quality control if private providers are reimbursed.
  - o The Federal government can also promote such new ways of organizing care as community health centers and HMOs, and such alternatives to institutionalization as coordinated home health services. Such alternatives can be promoted by the reimbursement system or by development grants provided through a Health Resource Development and Services Fund. Community health centers would also require ongoing grant support even under national health insurance to provide supplementary benefits to particularly disadvantaged populations.

Quality Assurance. NHI should include built in quality controls which are integrated with reimbursement systems. Alternative mechanisms for achieving this include:

- building on the current Professional Standards Review Organizations (PSROs) which use peer review by fellow physicians to promote quality;
- altering the composition of PSROs to add greater consumer involvement;
- establishing, monitoring, and enforcing provider participation standards;
- vigorous fraud and abuse detection efforts; and
- grievance or complaint processes for consumers.

#### E. Financing

- o Should NHI be financed through tax revenues alone or in combination with premiums? Should all NHI funds be paid to the federal government, or should employer-employee payments go to private insurance companies or to quasi-public corporations? What mix of federal taxes is appropriate? Should the federal government levy all taxes or share responsibilities with the States?

The major alternatives for financing health insurance are

- o A Tax-Financed Plan. A plan financed exclusively through public revenues could draw upon any of the following sources in a variety of combinations.
  - Federal general revenues
  - Special Federal excise taxes on alcohol, tobacco and other harmful substances

- Payroll taxes
- Repeal of "tax expenditures" <sup>2</sup>
- State and local taxes
- Tax credits

- o A Mandated Employer and Residual Public Plan. A mandated employer and residual public plan could call upon any of the tax sources listed above and, in addition, could require employers to assist in the purchase of private health insurance for their employees.

Either a tax-financed or a mandated employer-residual public insurance system could require consumers to finance a portion of the plan's cost through premium contributions, or such direct payments as deductibles and co-insurance.

Customarily the costs of tax-financed plans, other than those paid directly by consumers, would appear on the budget. Mandated employer plans do not appear on the budget. However, mandatory premiums or taxes might flow directly to a quasi-public corporation whose income and expenditures would not appear in the Consolidated Budget. Such a public corporation could contract with private insurance companies to perform either underwriting or administrative functions. Under another alternative, employers would be taxed but would receive a credit for outlays on comparable private insurance. <sup>2 1 ?</sup>

Some past proposals, such as the American Medical Association Medcredit Plan, have suggested credits to the personal income tax to offset the burdens of premiums or large medical expenses. Tax credits lead to foregone tax revenues which must be made up from general revenues or other sources. This approach has the advantage of administrative simplicity. One disadvantage of this approach is that the foregone revenues are not subject to regular review and approval. Tax credit plans also reduce the opportunity to use the financing mechanism as a means to place restrictions on the cost or quality of medical care.

Impact on Families of Differing Income. Low-income families could be adversely affected by plans with substantial cost-sharing or with restricted benefit packages. The way in which national health insurance is financed can also markedly affect the distribution of the cost burden of national health insurance among the poor and the well-to-do.

Premiums are the most regressive method of financing health care, representing a fixed payment per family regardless of income. Payroll taxes, on the other hand, tend to be approximately proportional with respect to earnings, while income taxes tend to increase as a fraction of income for high income families. Excise taxes, such as alcohol and tobacco taxes, would limit consumption of physically harmful substances but are regressive.

Employment Effects. The way National Health Insurance is financed can affect the demand for and supply of labor. Economists agree generally that the cost of such employer paid fringe benefits as health insurance is ultimately borne by the employee, in the form of lower real wages. However, employers can not reduce the real wages of an employee already at the minimum wage level. For



these employers, a premium is much the same as an increase in the minimum wage. As a result, the demand for low wage workers will decline. Employers would also have a strong incentive to hire good health risks or those who decline the insurance, if employee participation is voluntary. Current experience indicates that the problem is especially acute in a plan financed through experience-rated premiums.

Windfall Gains. A Federal plan covering all health care, financed through personal income taxes, or credits to the personal income tax, would free

- State and local governments of approximately \$19 billion in 1978 health expenditures, and
- employers of approximately \$34 billion in group health insurance premiums.

On the other hand, a plan which required all employers to provide comprehensive coverage to all employees, and State governments to share with the Federal government the cost of expanding public coverage to all low-income individuals could substantially increase employer and State government payments.

#### F. Administration

- o What should be the respective roles of the Federal government, State governments, the insurance industry, and local agencies such as areawide health planning agencies?

Who will underwrite and administer national health insurance, is perhaps the most emotionally and politically loaded issue that must be decided in determining the structure of the program. That issue is closely tied with how the program is financed.

Choices must be made about the appropriate role of the Federal government and the roles, if any of the States, local governments, the Health Systems Agencies (established under the Comprehensive Health Planning legislation) and private insurers. Defining the appropriate role (if any) for private insurers is the most difficult and controversial of these issues; but many observers believe that its resolution is the key to securing passage of a national health insurance bill in the Congress.

Role of Private Insurance Companies. At present, the health insurance industry performs three types of functions. These are:

- o Enrollment (sales)
- o Underwriting (risk-taking)
- o Claim payment (reimbursement of providers and beneficiaries)
- o Government agent

Each of these tasks can change under national health insurance. At one extreme, private insurers would have no participation in NHI. Their roles would be limited to coverage of benefits not included in the NHI program (this is the system which has been adopted in Canada). At the other extreme, their role in at least the second and third functions could expand markedly.

Organized labor has advocated the exclusion of private insurance companies from any participation in NHI: Senator Kennedy's Health Security Bill reflects this position. The Nixon Administration's CHIP plan and proposals developed by the American Hospital Association, the Health Insurance Association, and the American Medical Association all mandate purchase of private insurance or provide tax credits for the purchase of private insurance. Under some of these plans the private insurance industry would expand by up to 50 percent. Some smaller, less sound insurance companies would be eliminated.

Aside from politics the role for private insurance companies either as underwriters or as administrative agents of a public plan hinge on several considerations:

- the extent to which effective cost and quality controls can be built into privately-underwritten and/or administered plans;
- the extent to which there are economies of scale in centralized plans versus greater flexibility and innovation in privately-administered plans; and
- the dislocations caused by substantial changes in the size of the private health insurance industry.

Administrative Costs. The administrative costs of a national health insurance plan will rise or fall depending on the following:

- eligibility criteria;
- whether there is a uniform, single plan or a multiplicity of plans among which consumers may choose or shift among depending on employment status;
- imposition of deductibles or coinsurance amounts;
- extent of income-related features of the plan;
- the methods of reimbursing physicians, hospitals, and other health care providers; and
- the extent to which monitoring of fraud and abuse and quality controls are built into the system.

Role of the States. Decisions regarding the administrative role of State governments will be shaped by the level of State responsibility in several areas: →

- Provision of benefits for low income people (e.g., State operation of a residual Medicaid program).
- The State's financial contribution to the program



- Implementation and monitoring of cost containment provisions
- Regulation of the private insurance industry's participation in the program
- Licensure and certification of providers.

At present, State governments have significant policy and administrative responsibilities in most of these areas. The extent to which the State role is expanded or diminished will depend, in part, on the degree of federal centralization in policy determination and management.

## VI. COST OF NATIONAL HEALTH INSURANCE

The cost of health care is high and going up fast. This fact has deterred the public, and their elected officials, from moving quickly into a National Health Insurance scheme which could require major tax increases or premium payments and accelerate inflation of health care costs. Key Congressional committees still remember under-estimates of the budgetary costs of Medicare and Medicaid and the inflation in health care expenses following their introduction is painfully apparent. To obtain widespread public and political support, National Health Insurance must embody effective cost controls and insure that the American family is not faced with substantially higher payments for health care (including taxes and out-of-pocket expenses) than it would face in the absence of a plan.

The principle immediate effect of national health insurance will be to alter the way medical services will be financed that would have been provided in any event. Special attention must be given to shifts in the sharing of costs (distributional aspects) and the appropriate role of the Federal government in receiving and transferring funds. Over time certain types of NHI plans could increase the proportion of GNP devoted to health care, while others could stabilize or decrease this proportion.

### A. Cost Concepts

The cost of National Health Insurance can be viewed in at least three distinct ways:

- o total health expenditures
- o expenditures covered by the NHI plan
- o cost to the Federal government budget.

Total Health Expenditures. In the absence of a National Health Insurance plan, total health expenditures are expected to be \$202 billion by 1980 (in 1978 dollars).

National Health Insurance can help hold health costs down by assisting hospital cost containment, elimination of excess hospital bed capacity and duplicative or unnecessary capital equipment, stiff utilization review, controlled physician

fee schedules, increased emphasis on HMOs and other organized ambulatory care centers, and incentives for preventive services and early treatment.

At the same time, some elements of National Health Insurance will purposefully increase expenditures. Expansion of community health centers and other organized ambulatory care programs in medically underserved rural and inner-city areas should lead to a much needed expansion in access to health care. Removal of the financial barriers to health care for all low-income families regardless of family composition, employment status, or geographical location should also result in greater utilization of the health care system. Some increase in total health expenditures, therefore, is an indication that the plan is filling a previously unmet need.

It is also possible that a national health insurance plan with inadequate or ineffective cost control provisions could lead to a general increase in costs due to expanded waste and inefficiency.

Expenditures Covered by NHI Plan. Expenditures covered by NHI vary greatly depending on the type of plan. NHI expenditures will be lower than total health expenditures to the extent that the NHI plan

- o excludes some health care services from coverage,
- o covers only a portion of the population,
- o requires patients to share expenses directly,

The proportion of total health expenditures covered under NHI could range from 5 - 10 percent under a catastrophic health insurance plan to 80 percent under comprehensive plans. A catastrophic plan that was initially less costly than a comprehensive plan might become more expensive in terms of total health expenditures because of the incentives it would create for specialized, high technology care.

Cost to the Federal Budget. Cost, in the sense of Federal government budget expenditures, can also differ markedly depending upon the type of plan selected. (1) Plans which rely heavily upon private health insurance could finance health care services without flowing significantly more dollars through the Federal budget. (2) A plan which converted current employer-employee premiums to an employer-employee payroll tax could have the same total cost in the sense of expenditures covered by the plan and total health expenditures — but might more than double Federal budget health expenditures. Such a plan would not add to the Federal budget deficit — since revenues would be raised simultaneously with additional Federal expenditures — but it would result in a larger total Federal budget and a budget that represented a higher governmental fraction of the gross national product. (3) A quasi-public corporation, which would receive revenues for the plan and make payments outside the Federal budget could achieve the same result, without increasing the size of the Federal budget significantly.



## B. The Incremental Cost of National Health Insurance

The most politically sensitive decision to be made in developing a national health insurance plan is its incremental cost. Since there are three different concepts of cost, groups of different political persuasion will latch upon that concept of cost which best furthers their objectives.

Those favoring a comprehensive national health insurance plan with no payments required of patients will define the incremental cost as increase in total health expenditures. Those favoring minimal federal intervention will define the incremental cost as an increase in federal budget outlays.

Those interested in bringing private insurance payments under a national health insurance plan will tend to view costs in terms of incremental total third-party payments.

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The dollar sums involved in these three different concepts are vastly different. Total health expenditures in 1980 (expressed in 1978 dollars) are estimated to be \$202 billion. Total federal budget outlays for health care services are estimated to be \$56.6 billion. Total third-party payments are estimated to be \$130.6 billion. A plan covering \$150 billion of health expenditures, but holding total health expenditures to the \$202 billion level through tight cost controls, would be viewed as a zero incremental cost plan to one group, a moderate expansion of third-party coverage (\$19.4 billion—less than one percent of GNP) to another, and a whopping \$93.5 billion increase in the federal budget to others.

Since a significant portion of the population does not now have adequate insurance coverage, a universal comprehensive national health insurance plan will dictate an increase in third-party payments for health care. The key decisions to be made, however, are:

- o At what point does the consideration of incremental cost outweigh the advantages of greater comprehensiveness? That is, what is the maximum increase in third-party payments to be tolerated in a plan?
- o Should current private insurance payments be diverted into a national health insurance plan; and if so, should these payments appear in the Consolidated Budget or handled through off-budget mechanisms?

Another way of viewing incremental cost is to include out-of-pocket and other private payments as well as third-party payments in the base funding level. Essentially, this approach views the incremental cost as change in total health expenditures — which roughly approximates the new resources which would be devoted to health care.

### C. Cost of Alternative Plans

Differences among the costs of different plans can reflect differences in:

- the population covered,
- the range of services covered,
- the extent of patient cost-sharing, and
- controls on health care costs.

To identify the separate influence of these factors, Table 1 presents cost estimates of a universal, uniform National Health Insurance plan for the following types of features:

o Plans with:

- a comprehensive benefit package,
- a moderately comprehensive plan (excludes some preventive and mental health services and all dental and long-term care services), and
- a minimal benefit plan (excludes most prescription drugs, preventive care, mental health, long-term care, and dental services).\*

o Plans with different degrees of patient cost-sharing:

- no coinsurance
- coinsurance of 25 percent subject to a \$1,000 ceiling per family
- coinsurance of 35 percent subject to a \$1,000 ceiling per family

In those plans with some cost-sharing required of patients, these amounts are eliminated for all families with incomes below the income security breakeven level, and some partial subsidies are extended to families earning within \$3,300 of the breakeven level.

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\*Minimal Plan includes: Inpatient, Outpatient; Surgery with prior authorization; X-rays; Prescription drugs (50% total costs; Durable equipment; Ambulance: SNF/HHA only if post-hospitalization; Outpatient Mental Care limited to 20 visits in CMHC.

Moderate Plan includes: All the above plus Drugs (85% total); Some Prevention; Ambulatory mental health in CMHC unlimited; Psychiatric Inpatient care limited to 30 days.

Comprehensive Plan includes: The moderate plan plus Dental services for children (18 years or less); Dentures; Eyeglasses for children; Broad preventive care services; Limited Outpatient psychiatric care outside of organized settings; Mental services in CHMC, HMO, CHC.



Two broad types of plans are considered. The first channels all payments through the Federal budget. In the second type of plans, it is assumed that all payments to private insurance plans which would have been made in the absence of national health insurance are diverted into the plan, through off-budget methods.

As shown in Table 1, the incremental cost to the federal budget (including the transfer of private insurance premiums to the plan) range from \$121.9 billion in a comprehensive plan with no patient cost-sharing to \$60.5 billion in a plan with a minimal benefit package and 35 percent patient cost-sharing for all except low-income families.

If current private health insurance payments are transferred to the NHI plan through an off-budget device, incremental federal budget cost for the same features ranges from \$67.0 billion to \$5.6 billion. ?  
o

Under either type of plan, trimming the benefit package substantially reduces the total cost of the plan. The cost of a plan can also be substantially reduced by imposing coinsurance requirements on patients.

#### D. Phasing Options

The President has consistently stated that his long-range objective is a universal and comprehensive National Health Insurance system, but that such a program would have to be phased in as revenues permit and in a manner consistent with the attainment of a balanced budget in 1980. A variety of different phasing options are feasible, and depend in large measure upon two factors:

- The design of the ultimate National Health Insurance plan
- The available amount of new Federal funds for each phase

There are three basic means of phasing in National Health Insurance coverage:

- By population groups
- By range of services covered
- By the degree of patient cost-sharing required

Table 1: FEDERAL INCREMENTAL COST FOR MODEL NATIONAL HEALTH  
INSURANCE PLANS BASED ON PRICES AND POPULATION  
PROJECTED FOR 1980\*  
(Expressed in billions of 1978 dollars)

	<u>Comprehensive</u>	<u>Moderate</u>	<u>Minimal</u>
<u>Type I Plans</u>			
No Coinsurance	\$121.9	\$105.3	\$86.2
25% Coinsurance	103.6	93.2	69.8
35% Coinsurance	94.7	77.7	60.5
<u>Type II Plans</u>			
No Coinsurance	67.0	50.4	31.3
25% Coinsurance	48.7	38.3	14.9
35% Coinsurance	39.8	22.8	5.6

\*Assumes enactment of hospital cost containment on January 1, 1978.

Type I Plans assume current private health insurance payments of \$54.9 billion are transferred to the federal budget.

Type II Plans assume current private health insurance payments of \$54.9 billion are diverted to NHI through off-budget mechanisms.



Population Groups. A first phase which expanded population coverage could replace Medicaid with coverage for the entire low-income population, improve Medicare for the aged and disabled, and perhaps extend coverage to pregnant women and children as well. In some ways the Administration's Child Health Assessment Plan (CHAP) which expands Medicaid coverage to all low-income children under six, is a small step toward National Health Insurance. We are currently requesting that this proposal be expanded to include all low-income pregnant women.

Beginning NHI by providing a broad range of services to all the poor has considerable initial appeal. This approach has two major drawbacks:

- o Most of the incremental budget cost of National Health Insurance comes from covering the poor. This disadvantage is reduced if only low-income children and pregnant women are served at first, followed by other age categories in later phases.
- o This approach might lack political appeal because
  - it would not benefit the middle class;
  - it might suffer from the poor reputation of the Medicaid program, because of abuse of this program;
  - it might rigidify a two-class health care system.

Covering all children and pregnant women regardless of income is another possibility. This approach would devote a considerable share of scarce Federal budgetary resources to the care of middle and upper income children and women who already receive adequate health care. It would not meet the needs of low-income adults, nor the problems of the middle class faced with catastrophic health care expenses. This approach has political overtones; some consider it a vehicle for expanding the base population until a comprehensive public sector type national health insurance plan is achieved.

Services Covered. An alternative means of approaching phasing is to begin with certain benefits for the entire population. Phase one might include payments for hospital services, and then include physician services. The Canadian National Health Insurance plan began in this manner. This approach may distort treatment toward hospital care and away from preventive care services and essential dental, mental health and long-term services.

Cost Sharing. Another approach to phasing is to begin by picking up a graduated fraction of all patient cost-sharing. In the first phase, the plan could require patients to pay, say, 50 percent of the cost of all services subject to a maximum annual family payment of, say, \$1,000. These amounts could be removed for all families below the poverty level. The patient coinsurance could be gradually reduced to, say, 25 percent, and the low-income subsidies extended to all near-poor as well as poor families.

However NHI is phased in, it might be desirable to include cost containment measures at each phase and to expand service delivery programs in underserved areas to ensure the availability of services for the poor and disadvantaged.

Healy \*  
Cabrera

THE MEDICAL CARE SYSTEM UNDER NATIONAL HEALTH INSURANCE:  
FOUR MODELS THAT MIGHT WORK AND THEIR PROSPECTS.

by

Walter McClure, Ph.D.  
InterStudy  
Minneapolis, Minnesota

January 23, 1976

EXECUTIVE SUMMARY

OVERVIEW

It appears that the American medical care system will require significant change under any foreseeable form of national health insurance (NHI). Indeed, the medical care system is so central to every issue now pressuring government to intervene in health care, that significant change appears unavoidable even in the absence of NHI. Therefore in asking what kind of NHI we want, Americans must begin asking what kind of future medical care system we want: they are the same question. This paper examines the forces compelling change and the major options open to us. The principal points are summarized below:

- Americans increasingly believe that medical care use should be determined not by income and personal circumstance but by some standard of need. Medicare and Medicaid and the growing interest in NHI are expressions of this belief. The dilemma is that we already know how to practice a style of medicine in the United States which, if extended equally to all, would be far more expensive than this nation would or should pay.
- The ability of American medicine and technology to elaborate this style is almost endless: the medical care system can legitimately absorb every dollar society will make available to it. Already this costly elaboration is occurring under Medicare, Medicaid and comprehensive private insurance to such an extent that government has felt compelled to intervene more and more strongly in the medical care system. Despite this intervention, medical care expenditures have risen more than 300% in the last ten years with little detectable improvement in the nation's health.
- This cost escalation is unlikely to abate. It is deeply rooted in the structure and incentives of the present medical care system and its financing. Considering that present health insurance artificially lowers the price to the consumer and provides a virtual blank check to the medical care system, which has every professional, financial, legal and ethical incentive to do more, it seems doubtful that costs can be acceptably contained short of significant change in the present system.

(As one example, in the next few years the United States could spend \$20 billion on just one new procedure, coronary bypass surgery, alone. If one had \$20 billion to spend on the health and well-being of the United States, would he spend it on a single procedure, particularly on one whose range of efficacy is not yet established? Would he even spend it on medical care alone, given that non-medical interventions -- nutrition, environment, safety -- have equal or greater impact on health? The point is that under the present system there is no choice: present health insurance commits us to buy whatever the medical care system chooses to do. This example can be endlessly multiplied.)

- Thus health care is no longer a benign issue. Medical cost escalation is already placing severe strain on public and private budgets, increasingly impinging on our ability to finance other equally important national priorities. Should NHI force us to overspend for medical care, the health and well-being of the nation could actually be reduced. Eventually, the nation will be forced to do everything and anything necessary to contain medical costs.
- Present research and experience suggest three basic approaches that might contain costs: (1) increased consumer cost-sharing (higher deductibles and coinsurance, but with some maximum limit on what the consumer must pay) to make consumers more cost-conscious; (2) more prepaid alternative delivery systems (such as HMOs, etc.) which strongly alter provider incentives; and (3) extremely strong public utility regulation (most likely requiring the power to fix total expenditures in advance). An effective NHI program will combine one or more of these approaches. (But whatever combination of approaches is chosen, it must be built into NHI as a central feature; effective cost containment is too complex to be tacked on.)
- Each of the three approaches above exerts significant but different changes in the medical care system and its financing. But presently there is little awareness or consensus for change of this magnitude by either the public or providers. Consequently effective cost containment strategies will be politically long and difficult to implement, whereas ineffectual strategies will be easy (and very expensive) to fall into.
- To learn what works and to build consensus, public debate and incremental action on some consistent combination of the three potentially effective approaches should begin now, well in advance of NHI. The debate should focus on what future medical care system we want and in which directions proposed incremental actions are likely to lead us. Immediate incremental actions should be designed to learn more about all three approaches in mutually consistent ways which do not foreclose the available options. Such actions might include making existing cost-sharing more simple, more strongly encouraging alternative delivery systems, and focusing on regulation presaging an eventual "lid" on total expenditures.



## FINDINGS AND CONCLUSIONS

A. The Problem

National health insurance may seriously aggravate medical care cost escalation and maldistribution. Even without NHI, medical cost escalation makes government action virtually inescapable.

1. As we learned from Medicare and Medicaid and the continuing spread of comprehensive private health insurance, present health insurance -- whether public or private -- is one of the principal causes of serious cost escalation. Present health insurance artificially lowers the price to the consumer, gives a blank check to the provider, and leaves payment in the hands of a weak third party, the insurer, in no position to control either the use or cost of services. As a result, normal market mechanisms for cost constraint and efficiency are destroyed.
2. The other principal cause of cost escalation is the nature of medical care and the structure and incentives in the medical care system itself. The medical care system can legitimately absorb every dollar society will make available to it, and has every incentive to do so. The style and standards of medical care are indefinitely expandable. By more and more elaborate diagnostic tests and therapeutic procedures, providers can always try to provide greater safety margins for treatable patients and try to treat more and more hopeless cases. Technology is continually expanding these possibilities. Moreover, the professional and financial incentives on providers in the present medical care system are powerfully skewed toward high cost, highly technological care. Professional challenge, reputation and income all increase with increasing specialization and more elaborate levels of care, giving rise to a kind of medical Parkinson's law: standards of practice rise to absorb the dollars available.
3. This combination of factors -- health insurance removing the cost constraint from providers with powerful incentives for high cost care\* -- has produced a large, poorly distributed, inefficient medical care system with chronic cost escalation out of all proportion to any real or expected gains in health. The cost escalation is predominantly demand-pull rather than cost-push. Costs do not push up prices; rather, insurance allows prices to be raised and providers put the dollars into higher cost activities. Contrary to popular expectation, aside from certain underserved subgroups there is little indication that more medical care will make measurable improvement in the nation's health. Overall we appear to be beyond the point of diminishing marginal returns, where very large expenditures are needed to make even small gains for a few additional people. Improvement in health levels is more likely from improvement in nutrition, lifestyle and environment than from further investments in medical care.

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\* It should be emphasized that the problem is structural, not conspiratorial. When someone else pays, providers try to do too much and patients want the best, including comfort and convenience, regardless of cost or potential effectiveness. The system is therefore misbehaving exactly the way society rewards it to misbehave.

4. Even without NHI, medical cost escalation is now so chronic and severe, its pressure on public and private budgets so great, that government action appears unavoidable; NHI will hasten such action. In just ten years, medical expenditures have risen from 5.9% to 8.3% of GNP. So drastic a rate of cost escalation in so large an industry (which NHI would compound) not only constitutes significant inflationary pressure on the economy generally, but places extreme pressure on public budgets, which pay 40% of the bill. Just the annual increase in Medicare and Medicaid alone -- \$5 billion dollars and growing -- will shortly exceed the cost of all other HEW health programs combined, increasingly impinging on our ability to finance other equally important national priorities. Even if some combination of public and private financing sources for NHI could be found today, at current rates of medical cost escalation we must be prepared to see the burden on those sources double in less than eight years. Thus without effective action, the medical care system, especially under NHI, threatens to become a vast vacuum cleaner, sucking up uncontrollable amounts of GNP and scarce tax dollars for medical care.

#### B. Basic Options

It is doubtful that medical costs can be acceptably contained short of significant change in the present medical care system and its financing. Any effective cost containment strategy must consider what kind of future medical care system Americans want.

1. Cost escalation will not yield to quick band-aid solutions. Effective strategies must intervene and alter the deeply rooted incentives in the present system of medical care and health insurance described above. We already know how to practice a style of medicine in this country which, if extended equally to all, would cost more than the nation would or should pay. We shall have to actively discourage aggressive, elaborate (high) styles of practice, and encourage equally effective but more conservative and efficient (low) styles. High style care is not necessarily bad or unnecessary; indications for medical intervention are so imprecise that acceptable styles of practice can vary 100% in per capita utilization. It is simply cost ineffective, i.e., we accomplish more health spending our money in other ways. Therefore, high style will not be curtailed by controls simply aimed at bad or unnecessary care, no matter how powerful. It will be curtailed by strategies altering or countering incentives in the present system supporting high styles.
2. There are three major options which present research and experience suggest might contain cost. Each has quite different impacts on the present system of medical care and health insurance. All will be politically difficult to implement. The three options correspond to the three parties with power to control cost and use of services, who could replace the weak third party payer: respectively (1) the consumer, (2) the provider, and (3) the government. The first two approaches anticipate less government involvement ("consumer market oriented"); the third anticipates increased government involvement ("public utility oriented"). An effective cost strategy will combine one or more of these options.

- Consumer cost-sharing: Presently if the consumer is fully insured, he has no incentive to be an efficient user of care. This approach would use large coinsurance and deductibles to induce the consumer to use care more prudently. (Financial protection can still be assured by limiting the consumer's cost-share to some maximum amount. Bias against the poor can be avoided if the cost-share is income-related). This approach entails the least change in the medical care system, but other controls will be necessary for catastrophic care above the consumer's maximum cost-share limit. However, cost sharing of the magnitude necessary to work effectively involves taking away existing benefits, which is extremely difficult politically.
- Provider Incentives: Providers are presently rewarded for cost-raising behavior. This approach would reorganize the private medical care system so that it has improved structure and incentives for cost-effective performance; the encouragement of HMOs and other prepaid alternative delivery systems are examples. However, considerable private initiative will be needed to create sufficient change to influence the behavior of the entire medical care system. Encouraging the necessary motivation and acceptance will be difficult. (Incentive reimbursement of fee-for-service providers may also be possible, but this verges more toward the regulatory approach below since it must be compulsory to work.)
- Public Utility Regulation: Public cost controls are presently limited to Medicare and Medicaid, which simply squeezes the old and the poor rather than the medical care system. This approach would place public utility controls on the medical care system, with price, entry and quality controlled by regulation. However, experience in other regulated industries and other countries suggests the controls must be extremely powerful and carefully designed to work well, most probably requiring that government have the power to fix the budget for regulated services in advance. Regulatory intervention is the simplest approach to implement incrementally, but controls of the magnitude to work effectively will require substantial change in the medical care system, and will be a long difficult course politically.

### C. Six Illustrative NHI Models and Their Prospects

Taking considerable liberty, existing NHI proposals fall roughly into the following models. Because they demand change, effective NHI models will be politically difficult to implement, whereas expensive ineffectual models are politically easy to fall into.



## 1. Two Models Likely to Fail

Model 1. The Present Medical Care System with Universal Third Party Coverage. This model would leave the present medical care system unchanged and simply extend comprehensive third party reimbursement insurance to all. Because it leaves existing institutions alone, it would attract considerable initial political support. But, as noted in section A. above, this model will severely aggravate cost escalation. It is therefore unstable; runaway cost will force intervention, probably in the form of ever increasing regulation, and the nation will eventually move at great expense to a more successful model.

Model 2. Piecemeal Public Utility Controls with Universal Third Party Coverage. This model establishes public utility controls on the separate pieces of the cost equation: price and fee controls, utilization controls, facilities controls, etc. The model will likely fail, even with quite strong controls. As Phase III showed, even if prices and fees are well controlled, total costs go up because providers can always increase the quantity and mix of services toward higher style. But (besides difficulties of sheer volume and the ill-defined nature of services) control of service quantity and mix requires medical judgment, an impossible conflict of interest. All regulated industries risk capture by the regulated; this approach virtually demands it. Nevertheless, because regulation can be incrementally implemented, this model will be politically popular. The danger is that as costs continue to escalate, the medical care system will be immobilized under ever increasing, expensive but ineffectual controls difficult to dismantle when the nation finally tries to move on to a more successful approach.

## 2. Four Models That Might Work

Model 3. Universal Major Risk Insurance (MRI). This model emphasizes consumer cost sharing. The consumer is totally insured, but only for medical expense in excess of 10% of his income. (The plan could be even more strongly income related if desired). Thus while totally protected financially, consumers would pay most medical bills out-of-pocket, placing powerful market pressure on consumers to use care prudently and, thereby, on providers to hold cost. This approach would have to be supplemented with strong controls on catastrophic care. However, the great majority of people now have basic benefits below the income-related deductible of MRI, vitiating MRI's cost-sharing approach. These benefits would probably have to be legislated away under an MRI approach, politically impossible at present.

Model 4. Prepaid Alternative Delivery Systems with Universal Coverage. This model emphasizes provider incentives, and is based on the fact that HMOs and other prepaid comprehensive care organizations reverse the present incentives on providers and reward cost-effective performance. This model would stimulate a pluralistic private system with consumers choosing among prepaid alternative delivery systems and traditional provider insurance plans on the basis of price, benefits and service.

Consumers would have an income-related subsidy or voucher to assist purchase of an adequately comprehensive plan. However, while the medical care system remains private and government regulation minimal, there must be a large number of the new prepaid alternative systems sufficient to impact traditional provider behavior. Prepaid delivery systems can be stimulated incrementally, but encouraging the necessary private initiative and acceptance for the large number of new systems needed will be politically difficult.

Model 5. Public Utility Allocation Model (Akin to British Approach).

This model converts the entire medical care system into a public utility with a fixed budget. Consumers have comprehensive coverage. The budget could be allocated to providers directly or, alternatively, by incentive reimbursements retroactively adjusted to stay within the budget. Strong regulatory controls on manpower, facilities and services are also required to assure the budget is not exceeded. Unlike piecemeal public utility controls, which use medical judgment to determine costs, this approach specifies overall budget in advance and uses medical judgment to allocate within this fixed amount. However, while regulation can be implemented incrementally, public intervention of the magnitude required for this model is unprecedented.

Model 6. Public Utility Hospital Model. This model converts just the hospital sector into a public utility (rather than the entire system as in the previous model), placing both hospital services and inpatient physician services under a fixed overall budget. Strong regulatory controls on hospital size, service mix, medical staff and manpower are required to assure that the budget is not exceeded. Consumers have comprehensive coverage, with ambulatory care costs contained by strong, income-related cost-sharing. Because the regulatory controls can be implemented incrementally and are less demanding (but also less certain to work) than in the previous model, this model may have the best eventual political chances. Nevertheless, this model requires exceedingly strong public intervention and control, which will be politically long and difficult to achieve.

3. Further models combining all three approaches -- consumer cost-sharing, provider incentives, and public utility controls with a fixed budget -- seem possible and may be more attractive technically and politically, but further study is needed. Consumer market approaches may help take some of the cost containment and political pressure off public utility regulation, and vice versa. But additional study is needed to assure that such different approaches complement rather than defeat each other.

## RECOMMENDATIONS

1. NHI plans should be built around a credible cost containment strategy. Effective cost containment must be central to any NHI plan; it cannot be tacked on. Decisions on eligibility, benefits, financing and administration, as well as how fast to stage the plan, cannot be made before a cost containment strategy is arrived at. Otherwise, they will defeat rather than complement the cost containment strategy.
2. The necessity for change, and what the choices are, should be made widely known by public debate. If the public and providers are to support needed change, more widespread understanding is needed that the provision of adequate health care and health insurance protection to all at a cost the nation can afford will require significant change in the American medical care system and its financing. The kind of medical care system we want under NHI -- consumer market oriented, public utility oriented, or a combination of both -- should be given informed, searching public debate.
3. Public debate should also focus on what immediate actions should be taken now, well in advance of NHI, on each of the three major cost-containment approaches so that we move toward the future system we want. Such actions should be designed to learn what combination of approaches works and is acceptable, and should not foreclose the available choices. Possible actions include:
  - Existing Cost-sharing might be made more uniform, simple and understandable, and consumers might be better informed of their choices, through "Truth in Health Insurance" legislation.
  - Prepaid Alternative Delivery Systems might be more strongly encouraged through improved assistance legislation and Medicare and Medicaid reimbursement.
  - Public Utility Regulation might focus on development of compulsory incentive reimbursement mechanisms presaging an eventual fixed budget approach, but in ways which do not discourage cost-sharing or prepaid alternative systems.

This executive summary summarizes the major points and findings from a larger report of the same name, available from InterStudy. This analysis is part of the work carried out under a Health Services Research Center grant from the National Center for Health Services Research, Department of Health, Education and Welfare (Grant No. HS 00471-06). It was originally presented to the Panel on National Health Insurance, American Political Science Association, San Francisco, California, September 2, 1975.



June 13, 1977

TO: House and Senate Subcommittee Members  
FROM: Paul Hyduke, Research Assistant  
RE: Historical Perspectives of Health Care Costs

Rapidly escalating health care costs pose a unique problem to the American economic system. In fiscal year 1976, 8.6 percent of the Gross National Product was dedicated to health care. It is anticipated that health care will reach 10 percent of the Gross National Product by 1980. We currently spend more per capita for health care than any other nation in the world. When a certain sector expands at such a rapid pace, the economic system is threatened. Hence, the state and the nation are currently facing major public policy decisions regarding health care.

--Health spending in 1976 (\$139.3 billion) was more than double the amount spent in 1970 (\$68.1 billion).

--The 1975 to 1976 increase of \$17 billion was the largest one year increase for health expenditures in our history.

--Following the introduction of Medicare and Medicaid in 1966, the public share of health expenditures has increased dramatically. Overall, health spending from 1965 through 1976 has increased in excess of \$100 billion.

--Inflation of health care costs has exceeded the overall rate of inflation since 1960, with the exception of a brief period during the Economic Stabilization Program (August 1971 - April 1974). (Chart I)

The rampant inflation in this sector of the economy is having a dramatic impact on the disposable income of every American family, and the immediate future is expected to hold much the same.

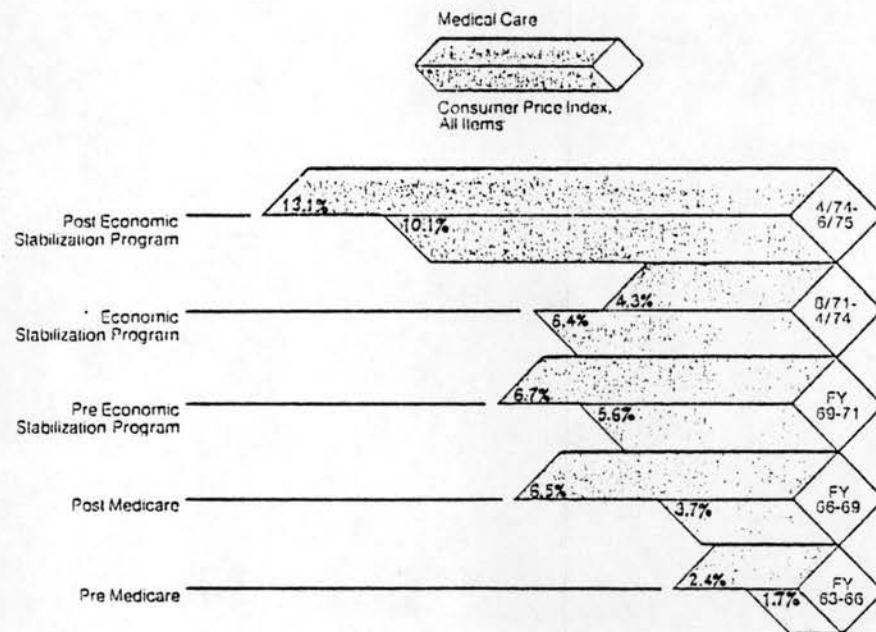
The unique nature of the American health care system is attributable

to the fact that the populace does not purchase health care in the same manner that they purchase other goods and services. The laws of supply and demand do not blend well with the health care field.

Medical care prices rose at an annual rate of 13.1 percent during the 15 months since the Economic Stabilization Program compared with only 4.3 percent during the Program. During the Economic Stabilization Program medical care prices increased at a slower rate than did the total Consumer Price Index. Medical care prices rose at a faster rate than the total Consumer Price Index both immediately before and after the Economic Stabilization Program.

CHART I

Average annual percent increase in the Consumer Price Index and medical care prices, selected periods, 1963-1974.



Source: Office of Research and Statistics, Social Security Administration

This paper shall primarily address historical and economic perspectives of health care costs. An overview of the degree this sector of the economy has expanded will provide a basis for this study.

Trends in Health Care Costs

Double digit inflation is but one of several problems troubling the existing health care delivery system. Since 1950 each person's average health bill has grown from \$78 to \$638. This unparalleled growth represents an 800 percent increase over the twenty-six year period. As a percent of personal income, health expenditures have risen from 5.6% in 1950 to 10% in 1976.

Table I shows the significant increases in personal <sup>health</sup> care expenditures. The most dramatic increase has been in Federal health programs. While direct payments displayed the smallest percentage increase from 1965 to 1976, it remains the most substantial item of personal health care spending.

TABLE I

Per Capita Expenditures for Personal Health Care

	<u>1965</u>	<u>1976</u>	<u>Percent Increase 1965 - 1976</u>
Direct Payments	\$89.37	\$179.05	100.3%
Private Insurance Benefits	42.10	143.61	241.1%
<u>Federal</u>	<u>14.44</u>	<u>154.25</u>	<u>968.2%</u>
State & Local	20.94	67.48	222.3%

Included in the total personal health bill are payments for health care services under government programs, private health insurance payments, voluntary health giving, and direct payments for health care by individuals.

Price increases have been the most important contributor to the rise in medical care expenditures in recent years. The following table (Table II) illustrates that increases in health care prices have risen faster than the prices for other consumer goods and services.



Table II

Medical Care Expenditures

Fiscal Year	CPI, all Items	Medical Care Total	Percentage Increase			
			Hospital Service Charges <sup>1</sup>	Hospital Semi-private Room Chgs.	Physi- cians Fees	Den- tists' Fees
1965	1.3	2.1	---	5.3	3.1	2.9
1966	2.2	2.9	---	6.1	3.9	2.9
1967	3.0	6.5	---	17.3	7.4	4.5
1968	3.3	6.4	---	15.9	6.1	5.2
1969	4.8	6.5	---	13.5	6.1	5.8
1970	5.9	6.4	---	12.8	7.2	6.8
1971	5.2	6.9	---	13.3	7.5	6.0
1972	3.6	4.7	---	9.4	5.2	5.7
1973	4.0	3.1	---	5.0	2.6	3.1
1974	9.0	5.7	4.8	6.0	5.0	4.4
1975	11.0	12.5	14.1	16.4	12.8	10.8
1976	7.1	10.2	13.4	15.2	11.4	7.7

<sup>1</sup>The index for this component began in January 1972; comparable date for earlier years not available.

Source: Bureau of Labor Statistics, Consumer Price Index.

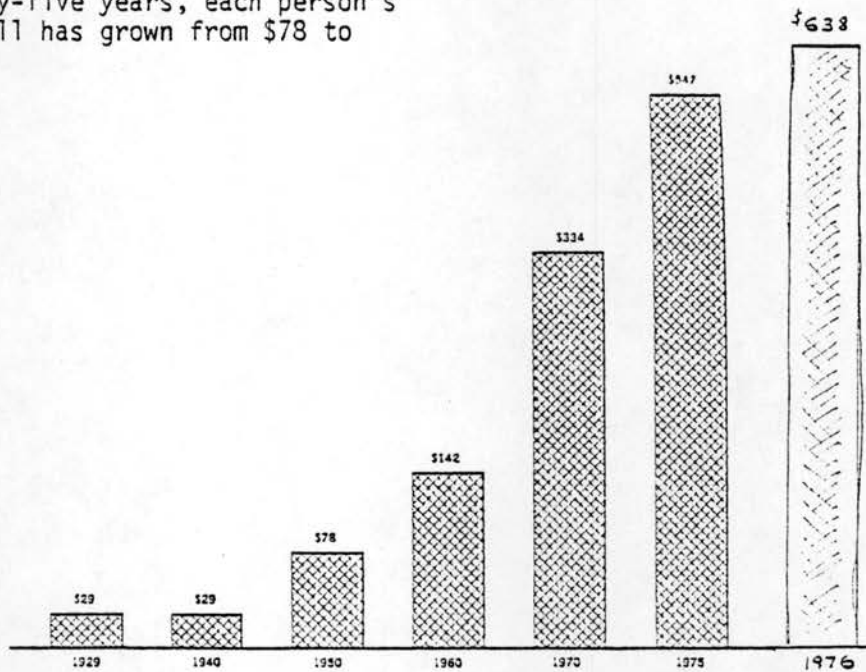
The largest increases are noted in hospital charges. This is significant since expenditures for hospital care comprise 40 percent of all health spending.

The degree of increased health care costs is presented graphically in the charts which follow. The charts have been drawn from two sources: (1) The National Health Insurance Resource Book, prepared by the staff of the Committee

on Ways and Means of the United States House of Representatives, and (2) Inflation of Health Care Costs, 1976, prepared by the staff of the Subcommittee on Health of the Committee on Labor and Public Welfare of the United States Senate.

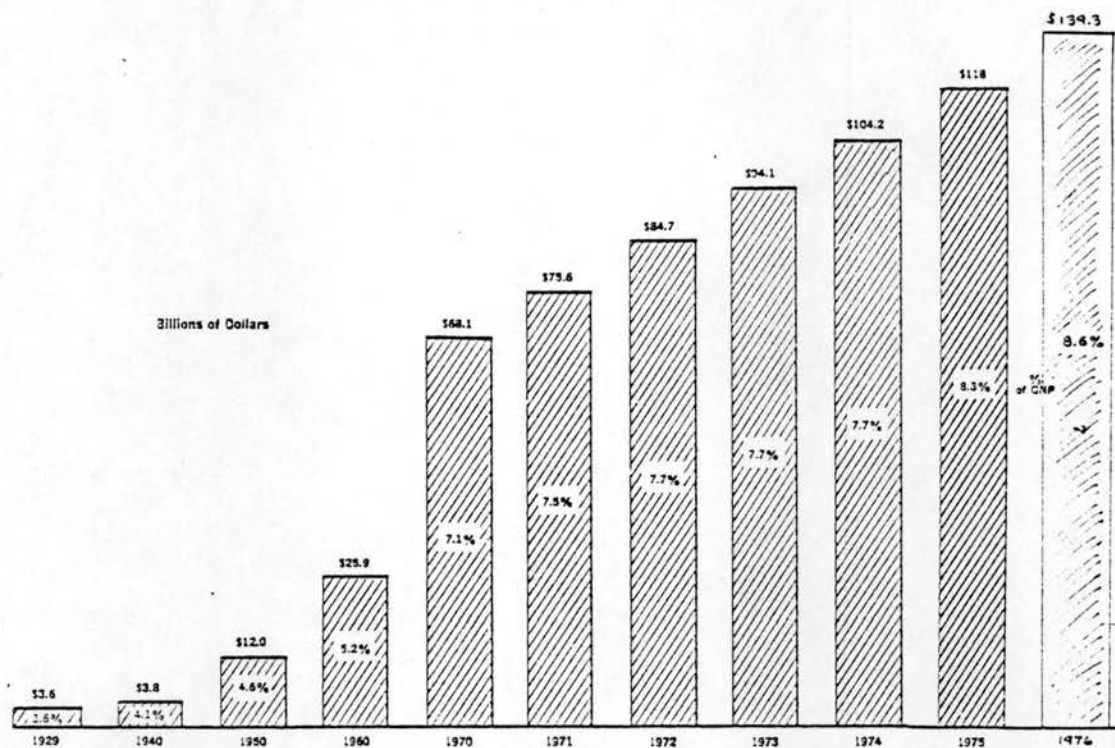
CHART II

In the past twenty-five years, each person's average health bill has grown from \$78 to \$638.



Source: Mueller, Marjorie Smith and Robert M. Gilsen. "National Health Expenditures, Fiscal Year 1975." *Social Security Bulletin*, February 1976. U.S. Department of Health, Education, and Welfare.

Chart III - Health Care Expenditures in Total Dollars and as a Percentage of the Gross National Product



Source: Mueller, Marjorie Smith and Robert M. Gibson, "National Health Expenditures, Fiscal Year 1975," *Social Security Bulletin*, February 1976, U.S. Department of Health, Education, and Welfare.

Increases in health care prices and spending reflect a combination of increases in price, population growth, increases in the utilization of services and technological and quality improvements. To what degree these changes constitute improvements in the quality or delivery of care is extremely difficult to evaluate. There is currently considerable controversy over whether the quality of health care received by consumers has kept pace with the rapid rises in costs.



The Role of the Federal Government: 1971 - 1974

Medical care prices have accelerated rapidly since the Economic Stabilization Act expired in April, 1974. The following table (Table III) compares annual rates of change for selected components on the Consumer Price Index during three periods: (a) the two years preceding the Economic Stabilization Program (FY 1969-71), (b) the ESP period (August 1971 - April 1974) and (c) the cumulative post-ESP period (April 1974 - February 1976). Mandatory controls were in effect for the Health industry throughout the ESP period, but were not continuously in effect for the rest of the economy. Medical care prices accelerated considerably faster than the overall Consumer Price Index during the post-ESP period.

TABLE III

Comparative Inflation Rates <sup>1</sup>	Annual rate of change during		
	Prefreeze Period Fiscal Yrs. 1969-1971	Economic Stabilization Program: Aug. 71-Apr. 74	Post ESP Period April 1974- Feb. 1976
Item			
CPI, all Items	5.6	6.4	8.5
Less Medical care	5.5	6.5	8.3
CPI, all services	7.4	5.1	10.0
Less Medical care	7.4	5.2	9.5
Medical care, total	6.7	4.3	11.9
Hospital service charges*	NA	4.6 <sup>#</sup>	15.5
Physicians' fees	7.4	4.0	12.8
Dentists' fees	6.4	4.2	9.3
Drugs and Prescriptions	2.0	.7	7.7

\*January 1972=100

<sup>#</sup>Annualized rate of change based on change from January 1972 rather than November 1971

<sup>1</sup>National Health Insurance Resource Book, the Committee on Ways and Means of the United States House of Representatives

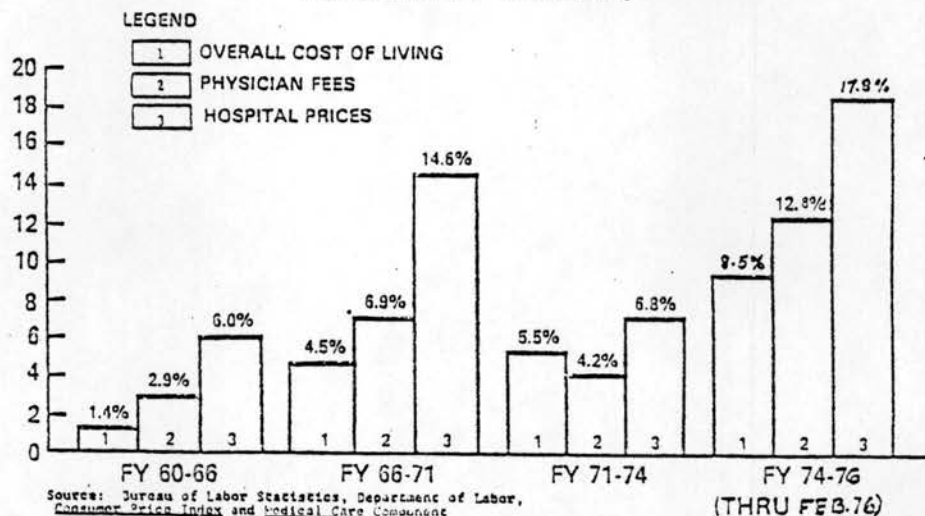
During the ESP period, health care prices rose more slowly than other prices. Since April 1974, health care prices accelerated at faster rates than ever before, consistently settling in or near the double digit range.

In 1974 the Minnesota Senate appointed a Special Senate Subcommittee on Health Costs. A quote from their report may be relevant now, three years later - the subject: ESP.

"This (ESP) allegedly caused some financial problems for hospitals. It resulted in a tendency on the part of many hospitals and physicians to seek to "catch up" with the rest of the economy after controls were lifted. The decline in the rate of increase in hospital charges in September may indicate that the "catch up" period is ending and that there may be a leveling off of the rate of increase."

We now understand this "leveling off" did not occur. In fact, quite the opposite holds true. The health care sector continues to increase at a considerably faster pace than the Consumer Price Index.

CHART IV - AVERAGE ANNUAL INCREASE IN CONSUMER PRICE INDEX ALL ITEMS - PHYSICIANS' FEES - SEMI PRIVATE HOSPITAL ROOMS - SELECTED PERIODS FY 1960-1976



The 8.6 percent of the Gross National Product now devoted to health care is unprecedented in our history. The health sector is expected to continue to rise. It is estimated that by 1980, ten percent of the Gross National Product will be spent for health care. The changes in expenditures for the past three fiscal years are presented in Table IV. Consistent increases are noted in four areas: (1) total expenditures, (2) hospitals, (3) physicians, and (4) nursing homes.

TABLE IV - Total Health Care Expenditures in the United States

	FY 1974		FY 1975		FY 1976	
	<u>Amount*</u>	<u>% of Total</u>	<u>Amount*</u>	<u>% of Total</u>	<u>Amount*</u>	<u>% of Total</u>
Total	106,321	100.0	122,231	100.0	139,312	100.0
Hospitals	41,020	38.6	48,224	39.5	55,400	39.8
Physicians	19,742	18.6	22,925	18.7	26,350	18.9
Dentists	6,870	6.4	7,810	6.4	8,600	6.2
Other Professionals	1,929	1.8	2,190	1.8	2,400	1.7
Drugs	9,416	8.9	10,269	8.4	11,168	8.0
Eyeglasses & Appliances	1,674	1.6	1,785	1.5	1,980	1.4
Nursing Homes	7,450	7.0	9,100	7.4	10,600	7.6
Other Health Services	3,214	3.0	3,442	2.8	3,933	2.8
Expenses for Prepayment and Administration	5,483	5.1	5,954	4.9	7,336	5.3
Gov't Public Health Programs	2,531	2.4	2,953	2.4	3,255	2.3
Research	2,527	2.4	2,942	2.4	3,327	2.4
Construction	4,464	4.2	4,637	3.8	4,963	3.6

\*in millions

Source: "National Health Expenditures, Fiscal Year 1976," Research and Statistics, United States Department of Health, Education and Welfare, April 1977.



Third Party Payment

The unique aspect of health care financing is the proportion of personal health care services paid by third party sources - private and public. In 1976, 68 percent of personal health care expenditures were paid by third party sources. Of this 68 percent, 26 percent was paid by private insurers, 40 percent by government programs, and slightly over one percent by philanthropy and private industry. The consumers accounted for direct payments of 32 percent.

TABLE V - Source of Payments for Health Care Costs\*

	<u>1974</u>	<u>1975</u>	<u>1976</u>
Total	91,315	105,745	120,431
Direct Payments	32,989	35,553	39,099 (32%)
Private Health Ins.	23,050	26,894	31,359 (26%)
Government	34,056	41,966	48,417 (40%)
Philanthropy & Industry	1,220	1,331	1,556 (1+%)

\*in millions

Source: Gibson and Mueller, "National Health Expenditure Fiscal Year 1976," Social Security Bulletin, April, 1977.

Private health insurance began a rapid increase in the late 1940's. The portion of expenditures by private insurers has increased from 8.5 percent in 1950 to 24.7 percent in 1965. It has since remained relatively stable, increasing to 26 percent in 1976.

TABLE VI- Source of Payment by Service

	<u>Hospital Care</u>	<u>Physician Services</u>	<u>Dentists Services</u>	<u>Drugs &amp; Drug Sundries</u>	<u>All Other Services</u>
Public	54.9%	25.2%	5.5%	9.2%	52.3%
Private Health Insurance	35.1%	36.1%	13.5%	6.5%	2.8%
Philanthropy & Industry	1.2%	0.1%	--	--	4.7%
Direct Payments	8.9%	38.7%	81.1%	84.4%	40.2%

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Source: Gibson and Mueller, "National Health Expenditure Fiscal Year 1976," Social Security Bulletin, April 1977.

The paucity of direct payments, particularly in the hospital sector, is an extremely important feature of the health care industry. The impact of insurance on the demand and costs in the health care sector leads us to believe that insurance has an extremely significant effect on both consumers and providers.

Increasing insurance expenditures are reflected in increasing health insurance premiums. Under the current system of health care financing the consumer is often unaware of premium costs. Approximately 80 percent of health insurance premiums are paid through employment related group insurance plans.

In many instances this has placed a serious burden on many employers who find the costs of health insurance premiums continually accelerating. But, the federal tax structure also plays a key role. Health insurance premiums are subsidized in two ways. First, employer payments for group insurance premiums are not counted in employee income. This creates a tax incentive for employees

to bargain for generous employer-provided health benefits: the employer dollar spent for health insurance buys more coverage than were the same dollar paid as a wage, taxed, and the balance spent by the employee for health insurance. Second, one-half (and in some cases, all) of individual payments for health insurance are deductible. While not as attractive a tax break as the first, this does further reduce the financial impact of health insurance premiums. With premium costs obscured in this fashion, the individual is likely to demand more comprehensive coverage through employer group-insurance coverage than if he bore the premium costs directly.<sup>2</sup>

The rapid growth in private third party payments in the last decade is dwarfed by the growth in public expenditures resulting from Medicare and Medicaid. At the \$139.3 billion level recorded in Fiscal Year 1976, health care spending has increased \$100 billion since the introduction of the two government programs. In only their tenth year of operation, Medicare and Medicaid accounted for 62 percent of public expenditures for health care.

Direct payments by families for health care (including health insurance premiums) take a disproportionate share of the income from low-income families and fixed income families. Data for 1970 indicates that families with less than a \$2,000 income spent over 14.5 percent of their incomes on health care and health insurance premiums compared with only 3.3 percent spent by families with incomes over \$15,000.<sup>3</sup>

The United States remains one of the few industrialized countries where an individual can be bankrupted by medical expense. Presently approximately 10 percent of U.S. households spend directly (i.e., excluding employer or other contributions) in excess of 15 percent of their income annually for health insurance premiums and out-of-pocket medical bills. Almost 4 percent spend more than 25 percent of income on such expenses. This burden falls most heavily on the sick and poor. The country must make a decision



on whether, how and how much this burden should be shared more widely with the well and well-off.<sup>4</sup>

Table VII - Out-of-Pocket Expenses as a Percentage of Family Income: 1970

<u>Income</u>	<u>Percent</u>	<u>Average Amount</u>
Under \$2,000	14.5	\$ --
\$2,000 - 3,499	9.3	256
\$3,500 - 4,999	7.7	327
\$5,000 - 7,499	6.1	381
\$7,500 - 9,999	4.6	402
\$10,000 - 14,999	3.8	475
\$15,000 and Over	3.3	--

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Source: Ronald Andersen, et. al., Expenditures for Personal Health Services: National Trends and Variations 1953-1970, (October, 1973).

#### Minnesota Hospitals

It has been noted previously that hospital costs account for 40 percent of all health spending. What impact has this had on Minnesota hospitals? Daily charges at Minnesota hospitals have risen from \$81.62 in 1970 to \$159.43 in 1976. This represents an average annual increase of 12 percent for the years 1970 through 1976. In fact, only during the Economic Stabilization years of 1972 and 1973 did the percent of annual increase in charges per day fall below the double digit range (Chart V). Although Minnesota is in better shape than many other states, it has been well documented that we have an excessive supply of hospital beds and an under-utilization of those beds.

To what extent have these extra beds caused the rise in daily charges

CHART V -

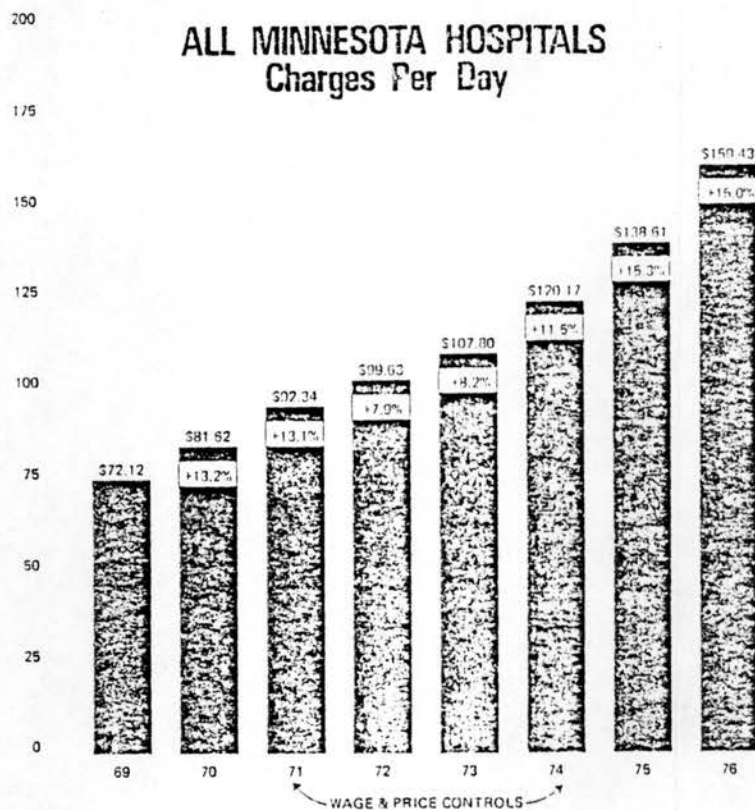


CHART VI -



in Minnesota hospitals? This has not been calculated - it would be extremely difficult to document. But, what is known is that maintenance of an empty hospital bed costs 80 percent of the cost of an occupied bed.

In addition to daily hospital charges, the charges per case for Minnesota hospital patients has more than doubled from 1969 to 1976. In 1969 the average charge per case was \$535, while just seven years later this average had reached \$1100 (Chart VI).

#### Summary

Under normal market conditions, incentives are built into most economic systems which encourage efficiency and restrain inflation. There are few such incentives built into the health care system. The economics of good health are decidedly different than the economics of any other sector of the American economy.

This report has briefly reviewed inflationary trends in the health care sector. Hopefully, it may contribute to an understanding of the nature and scope of the serious economic problem we have before us.



1. "Report of the Special Subcommittee on Health Costs," Senate Health, Welfare and Corrections Committee, Minnesota State Senate, December 1974.
2. "The Problem of Rising Health Care Costs," Council on Wage and Price Stability Staff Report, April 1976.
3. Robert M. Gibson and Marjorie Smith Mueller, "National Health Expenditures, Fiscal Year 1976," Social Security Bulletin, April 1977.
4. Walter McClure, "The Medical Care System Under National Health Insurance: Four Models," Journal of Health Politics, Policy and Law.

## Questions on provision of care

HMO's fine for middle income middle class.

? use by low income, uneducated - will they be given time and services. Can HMO's include nurse practitioners who will spend time to get to know real problems of patients?

Who question of coinsurance - less expensive for all in the long run?

At first reading prefer cost sharing as first step

With new social security provisions how would funding <sup>for NHI</sup> be affected?

Benefits

- welcome input on benefit pkgs.

LTC

Prev.

MH.

Drugs

Dental

Discussion:

Long Term Care - <sup>Pat.</sup> social service component

Bert Appropriateness of care provided

appropriate settings for service

don't consider that exactly the same

services should be available in exactly

the same way everywhere.

Lee Two issues - separate provision of service from financing.

Paper supposes static rather than dynamic situation - evolution

Ernie County provision of services is historical

Maurice start with client rather than the

Provider.

Mel Blazer

Minimum package for elderly

Let's overview - Health Resources fund

Paul

Begin where we are - and move forward

? custodial care - out

Bert

Necessary + appropriate services



Bert Have teams evaluate need for service

- \* Craig Evaluate placement unit - Rochester plan showed 40% inappropriately placed for LTC - funding only available for "appropriate" care  
Paul Aftercare for mentally ill  
Physically rehabilitation  
Bill Loy 40% of medicaid funds spent on LTC

### Mental Health

Neil Must be included - don't limit providers to psychiatrists. Copay provides that it will be middle and upper income available - differentiation of need

Craig geographic differential in utilization and in availability of services

### Resource development

- \*  
Don - Entry point - lack of coordination - 1<sup>st</sup> need  
Qualified providers - ? of state hospitals  
? day care centers -  $\frac{1}{3}$  -  $\frac{1}{2}$  cost of hospitalization  
? confidentiality -

David ~~Lambert~~ How we cope with MH problems has a great impact on physical health. Interagency  
Bert reservations don't have many "appropriate" providers

Aaron Shirley - gateway itself must be objective.

Deck Oliver DDS

Anna Somner's study -  
Talk to Bob B. about Bob Berglund's school lunch visit  
Dr. Clinton McGill - Mutteromah Co.

Preventive

~~Roch. R.~~ <sup>Blue Cross</sup>

~~Penn~~ - Pennsylvania experience of trying prevention  
in front of HMO - capitation basis - Phillipsburg, Pa.  
Ernie Public Health Education

Office of Health Education & Promotion  $\pm 1\frac{1}{2}$  M.  
Under Surgeon General - Dir of N.H. Cancer Inst.

Met Must prioritize what we will do as far as  
prevention.

Mental

Govt. Delivery of Health Services - Bonnie Lefkowitz  
State long term } not included  
Vocational rehab }

Total cost \$23B - (in 1978)

Care provided 19B - 28% in 1978

Source of funding for govt intervention -

Design of service delivery

See

Payment mechanism compatible w/ functioning  
of organized systems

Resource development funds

Some special groups may not be covered by NHI  
so funds must be made available to those  
access.

letter to HHH

Maurice Lazear is working on cost benefit  
for Harvard Medical School Teaching physicians  
to be responsible for costs - pilot program in Pa.  
Putting in place a new team to work with  
medical students and curriculum development

Anapurna material to Pat Butler

Auluth Book to Paul Ward -

Check all costs of Kern Co. Health Center  
Ramsey Co. " "

92-603

How much per \$ goes for Kern Co.  
" " Ramsey Co.

? reimbursement formula - how does it affect  
Public Hospitals?

Send  
info to  
Jim Morgan  
cc: Paul



Don Broderick

Utilization of existing resources -

Lack of coordination

"But if it's not broke don't fix it!"

VA is doing a good job but needs greater dialogue w/ H&A

Lee Indian health care

Pat + Dan Role of public general Hosp.

Paul ~~Role of~~ Lesson from Medicare - Calif. start -  
originally fully reimbursed -  
26% of every tax dollar in LA county goes for  
health care.

Mort

Commission on future of Public Hospitals -  
final meeting in Cleveland - paper now about  
ready.

② share <sup>keep concern</sup>  
about  
access - 18 mil have no protection  
special attention to underserved

Prospective rate setting

③ share <sup>info</sup>

Delivery system - informed use

Follow up  
on <sup>in</sup> Shirley

①

State role - be able to respond to special needs  
but within a strong federal framework - so there  
is some uniformity of care

④

Utilization of team approach  
Wholistic health care - Dan

Political acceptance

- ~~Unrealistic~~ expectations are high - holding patterns

Concur with Dr. Connely - education  
National Health Program

Mogin

Maurice

Those who are responsible for quality must be  
responsible for cost.

Paul Hamburg

Mechanisms for progressive evolution

We do not want the perfect to be the enemy of the good.

Paul D. Ward

4601 Lei Ct

Fair Oaks, Cal 95628

PAT BUTLER

STATE HEALTH DEPT #355

4210 E 11th St

DENVER CO 80220



Bill Roy - Finite resources -  
Better Health through science -  
Fairness and equity

Paul  
Paper leaves out the reality of the situation.  
Phrasing in - how do you do that and retain the  
ideals  
Countries can't stand more pressure on ad valorem  
taxes. 89-97 (Medicare) Title 19 - Title 18 are  
going to have to be relieved. Pressures will be  
passed to Congress.

Dale ← Plans are matrices of information — not blueprints.  
Incentive models in modern universities are set against what  
they would most like to do.  
Pat Occupational health - Workers Comp. programs of  
the States

Dillon Health resources development -  
Quality issue from point of view of consumer

Alan Entoven - blue sheet

Cecil  
There is a NHI in place in terms of the Indian  
Health Service. Could show what mistakes have  
been made.

Harvey  
Health dollar is going to have to be centralized ? of HSA's  
medical trade area - bigger than HSA area.

Need for comprehensive service.  
Whole malpractice question.

Sullivan

Assn. of State + Territorial Health Officers  
① Center for Disease Control

Medicaid - Welfare

Medicare - SS Dept.

Developed during a time of adversarial relationships  
Better climate for collaborative relationships.

Speech given by Senator John Milton before the House-Senate Joint Committee on Health Care Costs - October 17, 1977.

The Future of Health Policy in Minnesota

The way I decided to do this was to organize the ideas as suggestions for the joint committees and to present them along with a series of myths about the health system in the United States, then to try to provide an outline of policy choices in the future, particularly as they relate to the work of these two committees.

Myth number one is the idea that producing more physicians in our medical schools will guarantee better distribution. What's more likely, I think, is that we will have an oversupply; I think the surplus will be apparent by the early to mid 1980s. I also expect the oversupply to stimulate a demand for more medical services. The increased production of physicians will also result in increased concentration in group practices located primarily in metro areas and large towns. This is not what we intended to do when we began to produce more physicians to meet the needs of under served areas, but I think it's going to happen nonetheless. One of the compelling reasons for this is that the solo practitioner is becoming the dinosaur of the American health system. Most of the physicians in rural Minnesota who are practicing alone are nearing the age of retirement and will not be replaced by someone coming out of medical school or residency who will work on a solo basis. So the system will change to one in which you will find primary care physicians in groups of two or more locating in fairly good size towns or small cities in the countryside and to some extent in the core cities. These groups will then set up networks where they'll either use nurse practitioners out in satellite clinics or they'll ride the circuits visiting those towns which do not have a physician of their own. What to do about oversupply and maldistribution? We can do a few things in Minnesota. One would be to expand the University's Rural



Associate Program that's been fairly successful to date; another would be to increase incentives for physicians to serve in underserved areas; another would be to coordinate medical education and residency programs with manpower planning now being initiated by regional and state health planning agencies. We could produce more nurse practitioners to provide many of the primary care services that don't require a person with a medical education, particularly those related to assessment and screening. In fact, it's working fairly successfully through home visits and mobile health vans in other states. For example, in rural Alabama they have a good system of physicians and nurse practitioners serving a series of towns that don't have a physician of their own. They were able to establish the necessary protocols between nurse practitioners and physicians so that everybody understands what practitioners can do and what physicians must do. Another thing that would help is for physicians to accept nurse practitioners as I think the public already does. In every survey I'm aware of where practitioners have been used people seem very willing and even anxious to get someone to see them promptly and take care of things that don't require medical training to deal with.

The final thing we could do in Minnesota would be to improve communications between the satellite clinics and the group practices, also linking the latter to regional hospitals for secondary and tertiary consultations.

Myth number two is that state governments have no choice but to wait for the federal government to do something about health insurance and health expenditure containment. This is a very strong myth and most people in state legislatures are used to waiting for national health insurance or for the administration to put a cap on hospital costs. Interestingly enough, it's been the states and not the federal government that historically have taken the lead in making tough decisions. For example, things like certificate of need,

rate setting and countering medicaid abuse in nursing homes were enacted first at the state level. So tough decisions have been made by the states in the past and I think they will continue to be, if there's courage and the will to do it at the state level.

The problem with waiting for the federal government is that I don't believe that the federal government can operate a workable system of revenue limits for hospitals. Furthermore, they're managed from Washington for all 50 states and all of the acute care hospitals in the country. Well, what should we do about it? I think that we should be asking the federal government to delegate authority and provide federal funds to the states to keep health expenditures within federal guidelines. If the administration would say: we don't want hospitals to increase beyond 9% in 1978; and if a state comes up with a plan to stay under 9%, we will give that state the authority to do so. Minnesota has taken two steps forward in this area. One is the group health insurance reform law, also known as the catastrophic health insurance bill. The second is the establishment of a hospital rate review system. Additional steps can now be taken.

Myth number three is that private health insurance companies can operate more efficiently than government programs. The fact is, in Canada - with a system that's universal and comprehensive, covering virtually all health services, including outpatient and ambulatory care - it costs only 2.1% to administer. That's considerably less than the most efficient group health insurance plans in the United States. I would suggest you look at the model of those systems being operated now by the Canadian provinces. With four million population, we have enough size and economy of scale to establish a system of state health insurance.

Myth number four, also about Canada, is that physicians moved out of Canada in droves upon passage of national health insurance. That's not true.

The fact is, Canadian authorities now feel they have too many MDs and they wish more would move south.

Myth number five is that health costs can be dealt with solely as a health issue. Actually we're not just looking at health issues, we're facing employment issues. The Carter administration is trying to set limits for an industry which traditionally has offered entry point jobs to minorities and women and old people and young people, to people of low income and those in target areas. Hospitals are often the largest employers in their communities and sometimes they're virtually the only employer. Looking at our national rate of unemployment and at projections of how the economy is going to behave in the next three years, it's very difficult to divorce health issues, especially in the area of cost containment, from employment issues. What do we do about this, just give up and say health should absorb 15% of the gross national product, perhaps then people might become concerned? What we can do is clearer if we deal with this problem on a bi-polar basis, by taking supply and demand separately. We can limit supply through certificate of need and appropriateness review of buildings and equipment; we can reduce acute care beds as proposed by the Citizen's League; we can hang tough on a moratorium for any additional hospital construction, or any additional CT scanners until the efficacy of those devices has been proved or until the next state-of-the-art technology replaces them. I suggest appropriateness review through the HSA's and I also suggest, on the supply side, that we look very carefully not only at the number of physicians we're producing but at the number of other health professionals, because oversupply is not something that's going to be peculiar to the medical profession alone, it's going to be found with nearly all health professions. I think that by the mid-1980s we're going to have too many of everything except possibly nurse practitioners.



On the demand side we can begin to work on curriculum changes in the medical schools, because curriculum determines the way medical practitioners behave and how they use the system.

Continuing on the demand side, we really need utilization review and I think it ought to be organized under the HSAs. It should not be done by tissue committees and PSRO groups that are essentially private clubs. As you recall, our staff tried to get some data from the local PSRO and from groups like JCAH - also private clubs - and they won't provide any data whatsoever. You can't get any information from them. We don't really have utilization review until we have data, until it's linked to the health planning process. Also on the demand side, we need health education for people so they'll use the system less wastefully.

I think you should give careful consideration to a proposal that was made earlier this year by the staff on a second opinion for certain surgical procedures, like hysterectomies. American women have their uteri pulled about five times as often as Swedish women and there is no medical reason for that. Only 20% of all the hysterectomies done in the U. S., according to a recent study, are done for purposes of either a suspected or existing disease; the rest were done for a variety of reasons, including birth control.

In the area of fraud and abuse, I would recommend that you hold the line, resisting attempts to undermine the legislation that we've passed the past few years, especially laws dealing with the medicaid program. The State of Minnesota, also in the area of demand, could assume leadership as an employer for encouraging healthier life style for its employees. A government can't regulate everything in a health system or any system, and one of the things we could do as a state would be to provide encouragement or incentives to other employers so that employees would begin to adopt life style and behavior which is more conducive to health.

And finally, the proposal made by Steve Jackson earlier that MDs be asked to assume a financial risk for over utilization of health care facilities and services.

Myth number six is one of those good government things - that the division of authority on anything means checks and balances and that's the great American way. The fact of the matter is that the division of authority for health policy and planning in state government provides some checks and balances and it also provides an exploitable situation for the provider. The provider wins, the public loses. I never have said that reorganization is a panacea and I won't say that now, but if you do reorganize and there are a number of proposals to do that, I urge you to do it meaningfully, and to take a bold approach. For example, you could combine the health planning authorities under P.L. 93641, which include certificate of need and appropriateness review. In fact if you do combine certificate of need and appropriateness review on an on-going basis, you don't need traditional licensure at all. You still need to inspect facilities but you don't need to license them. The whole bit of licensure is a compliance mechanism which assumes that one can keep one's license forever unless the inspectors find something wrong. Where we're talking about health expenditures and we've got this tremendous oversupply of services and facilities, it is appropriate for us to look at whether or not we need licensure, or whether or not on an annual or a semi-annual basis we ought to be looking at all facilities and services and saying what are we going to need to do the job. I would also combine the manpower planning powers with licensure of health professionals. Curiously enough, we go on licensing health professionals in one agency, while in our education systems we have no manpower planning and our institutions are producing doctors, nurses, pharmacists, everything under the sun with no relationship to the facilities and the services that are going to be needed in the future. There's never been anybody

who could put that all together. It could be done if you combine these functions under a single, strong agency at the state level.

I would also urge you to create a health financing authority (right now health financing authority is mainly in the Welfare Department) that would include medicare, medicaid, and then the catastrophic program which is in the Insurance Department. I would then combine licensure, program planning, manpower planning and health financing. Finally I think that the rate review (which is in still another department right now) ought to be put in to this agency I'm speaking about. When I say rate review, I'm aware that we may need to go to rate setting. We could, for example, set up the rate review authority, and then say these are our goals, and if the hospital maintains its budget, its revenues and the rates it charges for services below or within that guideline, then the hospital is not subject to rate setting. If they stay under, they are not subject to rate setting; if they go over, they are and that's their choice.

Finally the A-95 review for state and federal programs for mental health, mental retardation, chemical dependency ought to be combined, and all in the same agency. I think there are five different agencies that have these health authorities right now. I propose there be just one agency. Then I would take community health services and I would take community social services as proposed in House File 1, that famous bill that never quite made it through the Senate for a variety of reasons (one of the problems was that we didn't see if you took community health services and dropped it into the Welfare Department, which is in effect what it would have done, how it would survive, and since community health services was the only program we really had going that dealt with the preventive side of the health business, we very much wanted it to survive and a lot of us who opposed it, opposed it for that reason). But if you pull health planning and health financing off and put it in one agency



and then you take community health services and community social services, as House File 1 would have proposed, then you can have a Department of Human Development.

Myth number seven is that requiring physicians and other health professionals to take so many hours of continuing education will ensure continued competence. There is no evidence that it will and we are at fault in the legislature for assuming that this will be the case. Many state legislatures have mandated 50 hours of continuing education for health professionals. It would be far better, as far as I'm concerned, to abolish all continuing education as is now required - and replace it with a requirement that each health professional licensed by the State would have to demonstrate continuing competence every five or six years in that particular profession. The 22 medical specialties all have agreed in policy to recertify their people periodically in these specialties every five or six years. Family practice now requires it; there are two or three others that will be requiring it within a couple of years and by the 1980s all medical practitioners will be recertified just as I'm proposing. I think we ought to get rid of the continuing medical education requirement because it's just another layer of cost that's added on to the system and passed along to consumers in terms of higher charges. We should replace it with a system which is geared to the individual practice, not just reliant on a memorization of factual information, but instead related to competency to practice.

Myth number eight is that the medical model will lead to better health. The fact of the matter is that physicians are highly trained for many, many years, very expensively, but they're trained to combat disease; they're not trained to keep people well. Some of them do that and some of them do other things very well, like administering hospitals and doing health planning; individual gifts among the medical profession are varied, but they are trained

primarily to combat disease. You need disease for them to do their thing; they're trained to do it very well and they do it better in Minnesota than in most places. We now have hard data that supports the theory that the healthiest people are those whose life style and behavior enables them to stay away from doctors and hospitals and nursing homes. There are different small groups and societies around the world, all of them isolated geographically, where the life style enables them to live into the hundreds, 120, 130, 140.

We need wellness models. We also need medical heroics when we've abused ourselves into needing doctors and hospitals. But doctors can't be expected to keep us all well at the rate we abuse ourselves. Number one target, if you want to do something is nutrition. Two areas under nutrition: first of all, the prenatal and young children need adequate nutrition. It is unreasonable for us as a society to try to educate, correct behavior, institutionalize people, provide for their health care and get them to lead happy and successful lives if to begin with, they don't get adequate nutrition. Probably the most important thing we can do is to provide adequate nutrition for young people. For the rest of the population, we need less food. We need to eat less meat and other foods with high fat content; we need to eat less dairy products, less coffee, less sugar, less salt, less alcohol - and no tobacco. Unfortunately, our state and federal government is in the business of subsidizing all those things. We think of the employment issue in health care as when we were talking earlier about hospital cost containment: imagine the economy of the State of Minnesota if we consumed less dairy products, and meat and sugar. Then, for other parts of the country, what if we cut down on alcohol and tobacco? What do we eat in the U. S.? Hamburgers, french fries, pizza, soda pop and other sweets, junk foods in our schools, our streets are lined with fast food operations, most of which is detrimental to our health. But it is the American way and it is very important to our economy. So doing

something in that area is very difficult but if you want to do any one thing in terms of health status, that would be it.

A second would be in the area of mental health. What we need in the mental health area is more effective, less medical ways to deal with emotional disorders. Instead of freudian psychoanalysis, psychosurgery, electro-shock and thorazine, which have become the prevailing way to dealing with these, we need to help individuals and their families to identify disorders sooner and recognize non-medical therapy through reimbursement and other incentives, dispelling the stigma of mental disorders as we have with mental retardation and chemical dependency. It's very interesting that the State of Minnesota in the 1950s got the reputation of being a very progressive state in the area of mental health. Well, we're not at this point. The neglect that we've displayed toward it, when you compare it with others like chemical dependency and mental retardation, is notable. Chemical dependency, fortunately, has had some strong advocates, people who have come in and have changed it from a criminal matter where we put people in jail because they were chemically dependent to a problem where it is almost heroic to proclaim that you are a recovered alcoholic and that you've done something about it. That's great. We also, in the area of retardation, have taken the approach that everybody has a right to community services, to educational opportunities, and to human development in spite of their disability. Some of us may think that goes too far in situations such as the Cambridge decision but nevertheless, it's there. It's progressive. If we could do the same in mental health, we would have a profound impact on the physical wellness of our people as well.

Myth number nine is that government can provide all the answers to our health questions. No matter what government does to counter health expenditures, the behavior of providers and consumers of health services will determine what percentage of our gross national product is expended. There isn't



any piece of legislation that can be passed, either by the Congress or here in the State Legislature, that is going to change the allocation of resources as much as an awareness and a change of behavior on the part of those who are providing health services and particularly those who are consuming them. Here there is something analogous to the energy issue. The American people have a life style which is highly consumptive of energy resources and all the government programs and policies and filibusters and things you read about and hear about aren't going to do any good unless the average American person is willing to consume fewer resources. The same goes for the health system. Government should look more to what it can do to provide incentives to employers and labor unions and individuals to keep themselves healthier, in fact, to keep themselves away from doctors and hospitals. Some of the ways they can do that would be through reorganization of the health system, through introduction of health maintenance organizations and health care alliances, as alternatives for employee groups--whatever will work. One of the ideas I thought of, I don't know if we could get it implemented, would be to give people a voucher or credit to enable them, on a family basis or individual basis, to expend certain limited resources to keep themselves healthy. If you have a family that is willing to keep itself healthy through nutrition and exercise and health education and lifestyle, whatever works, they would be better able to keep themselves away from this very expensive system and we would achieve the results we were trying to obtain.

Myth number ten is that we can legislate effectively in the area of health. There is a lot of evidence to the contrary. In the first place because we don't have a parliamentary system, we have the problem of nonenforcement by the executive branch. Take the nursing home reform package that was passed by the 1976 Legislature. Look at the atrocious performance of our state agencies in implementing that. A health facility complaint office was

set up and a man was put in charge, with very little evidence that he could do the job effectively, considering the support he didn't get. Now I understand that Mr. Kramer, who was appointed to the job, to the disappointment of many, has been fired by the Commissioner in an attempt by the Commissioner to show that he can be tough on nursing homes too, and that by doing this he will get himself reappointed by the Governor. The fact of the matter is that the performance and follow-through by that state agency for the laws we have passed the last few years is atrocious.

Secondly, there's a difficulty of coordination. For example, you all should have a copy of a very interesting study that was done by Senate Research in which one agency of government, which is the medicaid agency at the state level, Department of Public Welfare, is reimbursing nursing homes on the basis of property valuation reported by those nursing homes for purposes of Rule 49. The valuation reported by those nursing homes in the metro area, and this is a collection of all the nursing homes in the metro area, was \$67 million. That is the valuation on which they are being reimbursed under Rule 49. The same nursing homes have been assessed by the counties in the metro area at a valuation of \$51.7 million. There's a difference of \$16 million. I don't care how you want to see it, either those nursing homes are being subsidized by the homeowners in the metro area through property taxes that they're not paying on \$16 million of valuation or they are getting reimbursement through Rule 49 for \$16 million of valuation that they're not paying property taxes on. One way or another, either the homeowners of Hennepin and Ramsey and other metro counties are subsidizing the nursing homes or we, as income taxpayers, through what we pay as state and federal taxes coming back to medicaid, reimbursing the nursing homes for about 2/3 of their revenue, are paying for it that way. I'm not sure where the income transfer comes out, but I know this that as a homeowner, I am angry about the transfer of my income to the owners of nursing homes.

We called this to the attention of the assessors of Hennepin and Ramsey and other counties about a year ago and got not one reply. So the second problem in legislating effectively, which is myth number 10, is that you can do it without coordination. You obviously can't.

Third, there's the turf question. We passed a bill that required the aides in nursing homes to have minimal training in 1976. I worked at a nursing home one morning. I got up and started on the 7 o'clock shift and I was working with somebody next to me; we were getting people out of bed and taking them down to breakfast. The guy I was working with had just started; I asked him about the training he had gotten. It didn't take him very long to tell me, because there wasn't any. So the Legislature mandated that every aide get just basic training; guess what happened. The three state agencies that had something to do with that seemed more interested in who does it than the fact that aides get basic training. After one year of this ridiculous turf battle we postponed the effective date for it another year to give them time to get their act together. When you come back into session in 1978 that should be one of the questions you ask because I doubt very much that they'll have made much more progress. What they'll probably do is mandate a course, a masters degree course or something, for people to start working as aides and orderlies in nursing homes.

Fourth, special interest pressure. Why you can't legislate effectively. The people that you're legislating about, whose industry or business or career is affected by your legislation--to them it's the whole ball game. Everything is at stake. To you and to me and to all the Legislators, it's just another issue. So in terms of staffing, in terms of effort, it's hard to prevail in the public interest. You won't be at those hearings where they develop the administrative rules, but they will be. If you're lucky, you've got some staff that can go there, but let's face it--special interest pressure is a difficult



thing; not only that, but with certificate of need and hospital closings and everything else you're taking on, those institutions are where the most prominent members of your communities are on the board, where everybody in the town sometimes is employed by or related in business to that particular hospital or nursing home. When you get around to closing hospitals, just imagine what it's going to be if we can't keep a single hospital in the metro area from getting a certificate of need. The decisions are tough and the constituency isn't there with you. Everybody wants you to do a good job and legislate health policy and all that stuff, fraud and abuse, protect the old people from the nursing homes, and all that, but when you come right down to it, the constituency is not there with you because it's not really a popular issue. It's not an issue like jobs, it's not an issue like some others.

Finally, the reason that you can't legislate effectively is that the Legislature doesn't have the time and the staff and the energy to monitor implementation of health policies. It's very, very difficult to follow through on what you legislate and to see that it is carried out by those agencies and by the private sector or whoever it is that you're trying to get to do something, when you're working on a part-time basis. Now there may be some legislators and some areas of legislative interest where you can do it part-time, where it's fairly simple and you can look at it every one or two years. But the health system is too complex; the health policy and planning issues are too complex for you to be able to do it casually. Therefore, my caveat to all this is that if you're not willing to follow through on the monitoring and implementation stage of each of these policy decisions, you better not do them because each layer of government intervention simply creates a counterforce, either to resist it or find a way around it. If you're not willing to look at it and see that it is, in fact, carried out in the way that you intended, and you're not able to spend the time and energy and willing to hire the staff to do its part, it's

better not to do it at all. Having said that, Mr. Chairman and members of the Committee, I will resume my place at the head of the table for one more session.

-30-



American  
Association  
of  
Museums

## CONVERSATIONS AT BREAKFAST

Hyatt Regency Hotel, Friday, September 23, 1983

7:30 - 8:30 a.m.

Resource people listed below will be at tables corresponding to their numbers. They are knowledgeable about the topics assigned to them and are willing to share their expertise. Please don't hesitate to ask questions and add information.

1. LONG RANGE PLANNING - HOW DO YOU START?  
James Toscano, Executive Director, St. Louis Park Medical Center Research Foundation.
2. TELLING YOUR STORY - WORKING WITH THE MEDIA  
Susan Stuart-Otto, Vice President, Information Services, KTCA-TV
3. COMPUTERS - WHEN, WHY AND HOW?  
Myrna Marofsky, Founder and President, Kids' Network
4. EXHIBITION SUPPORT FUNDRAISING - THE EASY KIND!  
Karen Jensen, Development Consultant, Minneapolis Institute of Arts
5. HOW TO BUILD COMMUNITY SUPPORT - THE ROLE OF ADVOCACY GROUPS  
Megan Jones, Executive Director, Minnesota Citizens for the Arts
6. LEGISLATIVE PITFALLS - WHERE A LOBBYISTS COMES IN  
Larry Redmond, Consultant and Lobbyist
7. WHERE THE ARTS AND HUMANITIES MEET - INTERPRETATIVE PROGRAMS AND CATALOGUES FOR EXHIBITS  
Cheryl Dixon, Executive Director, Minnesota Humanities Commission
8. THE ROLE OF TRUSTEES IN THE AMERICAN ASSOCIATION OF MUSEUMS  
Toto Fisher, Trustee, Carnegie Institute, Pittsburgh
9. PULLING IT ALL TOGETHER - OR SEEING THAT IT DOESN'T COME APART - PLANNING IS CRITICAL!  
John Dozier, Former President, Minneapolis Society of Fine Arts
10. BENEATH THE GRASS ROOTS - HOW TO DIG UP SUPPORT FOR ARCHEOLOGICAL RESEARCH AND SITE PRESERVATION  
Thomas L. Trow, Assistant to the Deans for Community-Cultural Affairs, College of Liberal Arts, University of Minnesota and Associate Chair: Institute for Minnesota Archeology
11. PUBLIC RELATIONS AND FUNDRAISING - HAND IN GLOVE  
Mary Ellen Smith, Director of Public Relations, Touche-Ross and Co.
12. NETWORKING WORKS - FLEXING YOUR COLLECTIVE MUSCLE  
Karen Gray, President, Minnesota Citizens for the Arts
13. CORPORATE SUPPORT - HOW TO SECURE IT  
Delores Johnson, Director of Development, Walker Art Center
14. DOCENTS - TRAINING AND NURTURING AN INDISPENSABLE RESOURCE  
Susan Rotilie, Assistant Director, School and Community Programs, Walker Art Center



# Minneapolis Labor Review

AFFILIATED WITH NATIONAL AFL-CIO  
MINNESOTA AFL-CIO FEDERATION OF LABOR  
PUBLISHED BY THE AFL-CIO'S  
MINNEAPOLIS CENTRAL LABOR UNION COUNCIL  
VIRGIL D. MOLINE, President



AFFILIATED WITH THE AFL-CIO'S  
INTERNATIONAL LABOR PRESS ASSOCIATION  
MIDWEST LABOR PRESS ASSOCIATION  
LEONARD B. PETERSON, Advertising Manager  
RICHARD VIETS, Editor-Manager

Dear Emily,

I see you and Virgil got together for a photo!  
You add a little class to our front page! I better  
not say more! It might get back to the big boss.

Sorry, I haven't been able to show up to go door  
knocking yet but hope to be available to do so before  
November 2nd. I think you are a winner but I guess  
that's what "Al" Hofstede thought in the last Mayor's race too!

You have two votes from the house on the corner of  
40th & Lake Curve. Every vote helps.

Best of Luck.

Leonard Peterson

Thanks much for your voice in regards to the Robbinsdale Library.  
I guess "old" Lolf has been sniffing around there looking for a few  
votes too. Can't blame him!

COALITION OF RETIRED EMPLOYEES

8135-34th Avenue North  
Minneapolis, Minnesota 55427

MEMBER GROUPS

AUGUST, 1980

AFL-CIO

American Postal  
Workers Union

Fleet Reserve  
Association

National Association  
of Letter Carriers  
Minneapolis Br. 9

National Association  
of Letter Carriers  
St. Paul Branch 28

National Association  
of Retired Federal  
Employees

Reserve Officers  
Association

Retired Educators  
of Minnesota

Retired Firefighters  
of St. Paul

Retired Officers  
of Minnesota

Retired Police of  
Minneapolis

Retired Police of  
St. Paul

Retired Postal  
Management Ass'n  
Minneapolis Region

Dear Candidate:

We are a coalition of retiree organizations concerned about the income tax situation as it affects our annuitants. We want the income tax burden to be shared equitably by the various retiree groups.

Both the Republican and Democratic platforms for 1980 include a provision for a \$12,000.00 exclusion without offset for annuitants. Please indicate your view relative to this provision by checking the appropriate block below:

- ☐ I will author legislation to effect the above provision of the platform.
- ☐ I will introduce such legislation.
- ☒ I will support such legislation.
- ☐ I will oppose such legislation.

Please furnish comments or explanation on reverse side.

Some of the candidates are familiar with our position. For those who have been previously contacted we ask that you reconfirm your position. Candidates who have questions may contact us for assistance and we will make every effort to clarify your problem area.

Your prompt and complete answers will indicate to your constituents the way you can be expected to handle their future inquiries.

It will be appreciated if you will address your reply no later than September 23, 1980, to Mr. Al Sable, Chairman of the Coalition. An addressed reply envelope is enclosed for your convenience.

Sincerely yours,

*Al Sable*

Al Sable  
Coalition Chairman

1120 Willow Drive  
Crystal Bay, Minn 55323

Emily Staples  
1648 Xanthus Lane  
Wayzata 55391

Our NRTA Assn. requested  
us to write to 2 senators regarding  
an increase in pensions of retirees

I taught school, mostly in  
Hennepin, fifty years but I find  
my pension inadequate to meet  
the expenses of a home. I am a  
widow and wish to complete my  
life here

We retirees would appreciate  
what help you, in power, can  
give us. I paid into the  
system all of those past years.

Thank you for what you  
may be able to do for all of us.

Dora C. McWilliams



STATE M.N.P.L.  
Machinists Non Partisan Political League  
1399 Eustis Street  
St. Paul, Minnesota 55108

Candidates for Election or Reelection  
to the Minnesota Legislature

Greetings:

As a result of a recommendation from some of our members, who reside in your area, that we consider supporting you in your bid for the State Legislature.

The State M.N.P.L. has studied and examined the voting records of current Legislators and also studied the positions taken by those running for office for the first time to see how they correspond with our views.

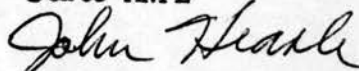
In the analysis, we find that the positions taken by you correspond favorably with ours.

Therefore, we have decided to support your candidacy for the office that you seek.

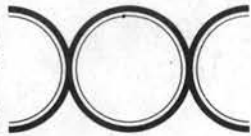
With our support, we are also making a contribution to your campaign fund. Enclosed please find a check made out to your Voluntary Committee.

Wishing you success in your campaign, we remain,

Sincerely yours  
State MNPL

  
John Hearle Chairman

Minnesota  
Department of  
Corrections



October 3, 1980

The Honorable Emily Ann Staples  
State Senator  
Room 235, State Capitol  
St. Paul, Minnesota 55155

Dear Senator Staples:

Enclosed are the minutes from our September Advisory Board meeting with a copy of Gail Baez's last legislative draft.

Our next meeting on October 16, 1980, is scheduled for 1:00 p.m., as you know, for review of the Operational Program Statement for the new Women's Facility. It is anticipated that this will be a lengthy meeting because of the review process, but we must also find some time to discuss our intended 1981 legislation. Realizing that some of you may not be able to stay the entire afternoon, let me encourage you to come prepared for a discussion on proposed legislation that will allow us to complete that decision, and may I encourage you to put your major concerns about the new facility programic statement in writing. It will facilitate the review process and will enable you to have your comments recorded should you have to leave before the meeting is complete.

Sincerely,

*Kathy Norberg*

Kathy Norberg, Chair  
Advisory Board on the Woman  
Offender in Corrections

KN:rak

Enclosure

cc: Commissioner Jack Young  
Howard Costello

ADVISORY BOARD ON THE WOMAN OFFENDER IN CORRECTIONS

Minutes of September 10, 1980

Members Present: Kathy Norberg, Helen McMickle-Bassett, Rosemary Trihey, Sidney Abramson, Melvin Goldberg, Emily Ann Staples, Jackie Fleming, Gail Baez, Bev Tallman - staff and guests Jan Smaby, Jim Zellmer.

Kathy Norberg opened the meeting and introduced our new member, Melvin Goldberg. Mr. Goldberg is Assistant Dean of William Mitchell School of Law, and was former Director of LAMP.

Minutes of the previous meeting (August 13th) were discussed and accepted. In response to a member request, final copies of Arlene Lehto's account of visits to several western women's correctional facilities will be mailed to all members.

Bev Tallman and Jim Zellmer (Project Director) reported on further developments in planning for the new women's facility. Jim gave a detailed account of work to date and laid out our future work plan leading up to a request for building funds to the 1981 Legislature.

Kathy Norberg, Advisory Board Representative to Tom Lawson's committee on Women Offender Programs reported on the committee's activities. Committee work and interest seems to be concentrated in the three largest counties, Hennepin, Ramsey, and Anoka. Hennepin County has tentatively set aside \$92,000 for correctional, adult female residential programming. This amount not to be used for program startup, but used to purchase service. Hennepin County is interested in having the committee review the report on Elan containing suggested program structure. This seems to be the type of program Hennepin County is interested in, a program where the intensive, lengthy treatment approach is modified. Kathy discussed with the committee the Advisory Board's concerns regarding the limited approach to gathering information on the woman offender and her needs; in specific the intended survey of adult probation and parole agents. The committee members seemed willing to try and expand their information source. The committee appeared unprepared to handle the question of a stable, adequate funding base.

Jan Smaby - Project Director for Hennepin County Community Corrections, discussed with the Advisory Board, problems Hennepin County is facing for program provision for women offenders. Hennepin County is faced with internal conflict over the most appropriate way to fund programs, in particular the funding of Genesis II has been a problem. Genesis II has been funded on a per diem basis. This method for a small program presents constant financial difficulties. The county has been urged to go to a cost reimbursement funding process. This idea is supported by some county staff and opposed by others. For the remainder of this fiscal year Genesis II will operate on a cost reimbursement basis, but court services intends to recommend a return to per diem funding next year. There is precedent in Hennepin County for funding programs by either method, the criteria used to determine the funding method is whether a program is sufficiently unique that there would be no source for that particular service if the program were closed. It is clear that Genesis II deals with a small target population and if Genesis II were to close, there would be no other source for the services they provide.



Jan also discussed Hennepin County's current lack of residential programs for women offenders. A recommendation has been made to the county board for \$92,000 to be used to purchase residential services for women offenders for 1981. The \$92,000 is not for program initiation and is not sufficient to carry a program without other sources of funding. Hennepin County estimates a placement need for 6 women at any given time. In view of their limited number of clients, and limited funds Hennepin County is hoping that other metro counties will be interested in participating in a shared approach to the problem.

Accompanying the recommendation for the \$92,000 funds is a further recommendation that the use of these funds be connected to the recommended programming developed through the efforts of Tom Lawson's committee on women's programs. If the committee fails to develop a viable recommendation, Hennepin County will have to re-examine their position. Jan noted that of 4 new programs requested, this one, because of its lack of development, had been prioritized forth.

Jan's discussion with the Advisory Board was prompted by concern for the lack of direction as yet from Tom Lawson's group, and the hope that our Advisory Board might be able to assist in some way toward a useful, timely, well funded program recommendation. Jan also indicated that the Hennepin County Advisory Board was hopeful that some joint effort could be developed with Ramsey County.

Discussion followed. The alternative route of shared programming among metro counties was viewed positively, particularly in view of current budget cuts. It was agreed that the Advisory Board should try to assist efforts underway by Lawson's group as well as pursue other methods; discussion on ideal size of program arrived at 15 to 20; need to involve metro council was discussed.

The Advisory Board decided to follow up on Judge Abramson's willingness as Chairman of the Adult Program Committee for the Ramsey County Community Corrections, to contact other adult program chairpeople in the metro area, and seek their support for a residential program for women offenders with adequate funding base. Jack Young will be informed by the Chair of our intentions, as well as Tom Lawson. We want our efforts to assist Tom's committee's work.

The Advisory Board discussed the per diem issue and consensus was reached, "that an alternative to per diem funding be sought for funding women offender programs". Mel Goldberg moved, Lurline seconded, that the Advisory Board go on record opposing per diem funding as a method for funding correctional service programs. Passed. As Rosemary pointed out, trying to apply a competitive standard to specialized and necessary human services is not appropriate. The Chair was instructed to express our position in diplomatic terms to Tom Lawson's Committee, and others concerned.

reported

Kathy Norberg/on the Commissioner's response to the Advisory Board request on appointments to the Advisory Task Force on Jail Standards. The Commissioner appointed Rosemary Trihey as a representative from the Advisory Board, as well as four other women. Needless to say, the Advisory Board was extremely pleased. A letter of appreciation will be sent to Commissioner Young.

Kathy also reported on the response of the Community Corrections Act Evaluation Advisory Group to our request for information on women offenders. A report on women offenders under the Act will be prepared following the completion of reports necessary for the originally designed evaluation. This should be sometime in November or early December. A letter of appreciation will be sent to staff and the Advisory Group.

Extensive discussion followed the presentation of a legislative draft prepared by Gail Baez. (see attached draft). The following suggestions from the Advisory Board will be communicated to Gail who couldn't remain for this part of the meeting.

1. Item 1, Preamble - suggested changing "on par with what is provided for male offenders" to "provide services to women offenders comparable to those provided for male offenders.
2. Item II - suggested this be omitted and placement of programs be left to the discretion of the Commissioner of Corrections who holds as one of his goals, service to both urban and rural areas of the state.
3. Item 2, the group felt that previous discussion on "mandating counties" had focused on "required planning" not as indicated here "mandated services". The previous month Representative Lehto had voiced a desire to see counties mandated to show consideration - planning for women offenders. Although pleased with the idea, concern was expressed regarding enforcement problems. Community Corrections Act counties could be required to comply quite easily, but enforcement in the rest of the state could prove difficult. Two alternatives were discussed. 1. Drop the mandate, try to get women offender planning started with incentives, and after a couple of years reconsider additional incentives. 2. Include a threat in the Legislation concerning the potential suing of counties for non-compliance.

Question of Advisory Board membership appointment process and rotation was discussed. Resulting from some confusion it appears advisable to develop an appointment process. Board membership is two years, but to arrive at future continuity a rotating membership was asked by the Department Administration. These questions need resolution. The Advisory Board is a year old this month. In view of other pressing matters, however, the group decided to have staff check with members to see if any wished to retire. This might resolve one problem, if not the issues will be addressed at the next meeting.

Our meeting day presents a problem for our Duluth members. It was decided to try for the third Wednesday in the future. October's meeting will be on a day that will allow for the review of the Operational Program Statement for the new women's facility. The meeting will be set for 1:00 p.m., the date when determined will be communicated to the membership.

The Advisory Board considered a request from Helen McMickle-Bassett for Board approval of a visit by her to Delancy Street Residential Program in San Francisco, California to include expenses from Los Angeles to San Francisco. Group discussion considered what constituted official board business, an area where policy should be established, the fact that information on the Delancy Street Program is of questionable value to the Advisory Board at this time, the lack of funds available for out-of-state travel (all out-of-state travel was cut from our budget); and the need for clarification of expense account policies and procedures should be communicated to Advisory Board members. Helen's request was denied, and staff was asked to send Advisory Board members information on expense reimbursement.

OUTLINE OF LESISLATIVE PROPOSAL -- ADVISORY BOARD  
ON THE WOMAN OFFENDER IN CORRECTIONS

1. Preamble- The purpose of the Legislation is to require that counties provide services to women offenders on par with what is provided for male offenders. The preamble should contain a list of services which must be provided. The language would indicate that this list would include but not limit the types or number of services which could be provided. This Legislation would be one way for counties to comply with this mandate.
2. Mandate to Counties- The Legislation should mandate counties to provide such services, on par with what is provided to men, to women offenders.
3. The Legislation would be vague enough so as not to absolutely commit the state to any particular type of program, but specific enough to provide guidelines as to how the money would be spent.
4. Money would be appropriated to the Commissioner of Corrections for allocation.
5. The Commissioner would decide which program(s) would be funded.
6. The Commissioner would, in compliance with the Legislation, promulgate guidelines concerning criteria which would make a program eligible for funding. The Commissioner would also be responsible for running an evaluation of the funded program(s) at the end of a set time period.
7. Money would flow from the Department of Corrections to a county or private vendor which has a plan for providing services to women offenders. Guidelines set by the Commissioner and the Legislature would have to be followed. Services to be provided in order for a county or program to be eligible for funding should be discussed by the Task Force on Women Offenders.  
  
Language regarding types of services to be provided would be permissive, as it is impossible to foresee all types of programming which could be funded, and the state should not statutorily lock itself into one type of programmatic option as opposed to another.
8. The Legislation would require that funds be available only for the creation of new services to women offenders. There ~~would~~ be a provision that anything now in existence would have to be maintained by whatever funding source now subsidizes it. However, "old programs" could be funded to provide "new" services.
9. No county receiving these funds could reduce its current spending level for women offender services by virtue of receiving these funds.
10. Financial incentives in terms of extra dollars would be built in for counties who choose to provide and coordinate services for women offenders amongst themselves.
11. There probably should be both an out-state and an urban model.



General Offices/3M

3M Center  
Saint Paul, Minnesota 55101

June 26, 1980

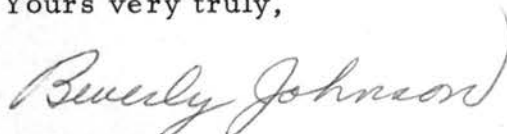
**3M**

The Honorable Emily Anne Staples  
Minnesota State Senator  
1640 Xanthus Lane  
Plymouth, Minnesota 55391

Dear Senator Staples:

As per your request, attached is a list of the  
3M corporate officers that participated in the  
luncheon and meeting which you attended on  
November 27, 1979.

Yours very truly,



Beverly Johnson  
Secretary to Vern S. Tate

Attachment

PARTICIPATING 3M CORPORATE OFFICERS - November 27, 1979

Charlton Dietz.....	Vice President, Legal Affairs and General Counsel
Donald E. Garretson.....	Vice President, Finance
Lewis W. Lehr.....	Chairman of the Board and Chief Executive Officer
Carlos W. Luis.....	Vice President, Public Affairs
John M. Pitblado.....	President, U. S. Operations
James A. Thwaites.....	President, International Operations
Robert N. Wolfe.....	Vice President, Engineering and Manufacturing

DICK OLSON — President  
DICK BONN — Vice President  
PAT KABRIS — Secretary

# Medko Inc.

4500 QUEBEC AVE. NO.  
MINNEAPOLIS, MINN. 55428

612-533-2451

June 20, 1977

Skip Humphrey  
Senator 44th District  
8116 40th Ave. N.  
New Hope, MN 55427

Ref: SF 0960 -1E & HF 1004 -2E

Dear Skip:

Thank you for sending me copies of these bills, Skip.

Since I am not familiar with the maximum benefit weeks in the old law, I cannot comment. However, the periods allowed as maximum have had a great tendency to become the normal. Possibly this accounts for our state's higher comparative cost even though the benefits are not greatly different. It appears the commission finds it simpler to interpret the law as liberally as allowed rather than analyze the cases on merit.

I believe the notice of injury period should not be extended. This increases the possibility of non-work related claims, especially in back cases.

From personal experience, I believe the benefits for back injuries are not scrutinized carefully enough. A panel of doctors should be used as judges for many of these determinations. I understand many other states are using this method. I'll bring some information on 2 of my claims when we meet for breakfast on Jun 30th.

I suggest that the maximum weekly benefit be tied to the employee's net earnings over the last 52 weeks of employment. This will dispel many employer's fears that the employee prefers disability because his compensation payments exceed his former net wages.



DICK OLSON - President  
DICK BONN - Vice President  
PAT KABRIS - Secretary

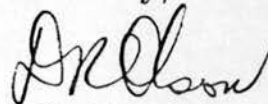
# Medko Inc.

4500 QUEBEC AVE. NO.  
MINNEAPOLIS, MINN. 55428

612-533 2451

I suggest, since the insurance companies allowance for profit & expenses has been listed at 22.5 percent, that the attorney's fees also be established. This would help reduce the tendency to ask for unwarranted, astronomical settlements in case of a suit.

Sincerely,



D.R. Olson  
President

DO/sig

COPY 4

3820 Bassett Creek Drive  
Golden Valley, Minnesota 55422  
May 16, 1979

Ms. Emily Staples  
1640 Xanthus Lane  
Plymouth, Minnesota 55391

Dear Ms. Staples:

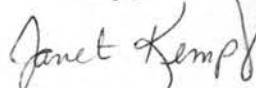
This is to solicit your support for Special Appropriations, Medical Services and Instruction, Nurse Practitioner Programs, School of Public Health, listed on page 60131 of the University of Minnesota Biennial Request. I have noted that the House subcommittee allocation was for full funding but that the Senate subcommittee allocation was for no funds.

Included in this portion of the University's request is the Pediatric Nurse Associate Program. (The words practitioner and associate are used interchangeably in this sense.) This program provides education whereby baccalaureate-prepared nurses further prepare themselves to be primary health care deliverers for children. During its early years the program was federally funded. More recently state funds have been available, with federal monies then granted for expansion and innovation. Since the first class was admitted in 1971, the program has become nationally known for its quality, and has provided a model for other programs.

Graduates of the program have had an impact on both the public and private sectors of health care delivery providing a major thrust for the current interest in early identification and treatment of psychosocial as well as physical problems of children. This is done both through direct care to families with children and indirectly by graduates in program planning and college teaching positions.

In summary, I seek your support for funds to continue a program of proven quality which contributes significantly to the improved health care and health status of children and their families. If you have any questions with which I can be of help, please feel free to phone me at home (521-7906) or at work (373-8055).

Sincerely,



Janet Kempf

JKK/jlk

## CONFIDENTIAL

To: School Board of the Brookhaven/Comsewogue Union Free School District

From: Emily Anne Staples

The grievance filed by Mr. Robert G. Ford, math teacher at the Port Jefferson Station High School, brings to your attention a problem which was first addressed in the union contract adopted in 1970. Section F, Paragraph 5 of our collective bargaining agreement states that, "When teachers are required to use preparation periods to cover other classes, such teacher shall accumulate these periods, and for each six periods so accumulated shall be given a day off with pay." Mr. Ford is requesting a day off as a result of spending six preparation periods covering for absent colleagues over a two year period.

The intent of Section F, Paragraph 5, according to parties to whom I have spoken (Dr. Helena Floyd, School Board Member at the time and Allan Palermo, who represented the Teachers' Assn. in the negotiation) was to compensate a teacher who filled in for a colleague due to an emergency absence such as illness. The issue in dispute is whether this provision is intended to cover only one school year or be accumulated and carry over.

In going over records of the past few years I note that there has been a considerable increase in the number of teacher absences which required assignment of another teacher to fill in. Our records date only to the 1977-78 school year, the first for which accumulations were kept. In that year there were 63 instances of periods needing coverage, and 25 teachers were involved. In 1980-81 there were 197 occasions and 46 teachers participated in covering for one or more absences. In 1977-79 (sic) there were 16 health related absences compared to 107 in 1980-81.



However, there were also only 12 coverages for professional meetings in 1977-78 compared to 33 in 1980-81. Since attendance at a meeting which necessitates a leave of absence must be apporved at least one month in advance there is a legitimate question about the "emergency" nature of coverage for those absences.

I believe that Bob Ford has pressed this grievance because he sees a pattern of asking teachers to fill in in non-emergency situations and is concerned that with an increasing number of teachers involved, the possibility for several of them to cover three, four or five times without any compensation is greater than it was a few years ago.

For the Board the financial implications of this grievance are serious. Ms. Dunham admits that she has been using teachers to fill in in some situations which cannot be classified as emergencies. She also is concerned about working conditions at the high school, however, and feels that construction of the new wing with its attendant noise, dust and lack of space has taken its toll. That situation must be alleviated as quickly as possible, but in the meantime we are faced with a teacher absence rate which is growing. Could we consider an incentive for good teacher attendance the same way we do for students? Perhaps local merchants would donate merchandise to be awarded to teachers with perfect attendance records!

Precedent in this case can be viewed from two directions. The contract provision on sick leave days states explicitly that they may be accumulated from year to year. On the other hand, the third sentence in Section F, Paragraph 5, is clear in the language that, "No teacher shall be allowed to accumulate more than two days in the school year under this provision, provided however, that after such accumulation the teacher will not be

assigned any duty during his/her preparation period." The final phrase could be construed to mean that otherwise there might be carry-over and that is expressly prohibited. If so, the intent would seem to be that a teacher should be compensated for all preparation time spent covering for another teacher's absence.

I feel that we would be on shaky ground if we try to deny some form of restitution for preparation periods spent on the schools' behalf, even if they don't add up to the specified six. This might be done less formally as it was done in the past, but I'm afraid we've passed beyond that possibility. In our present situation and with Mr. Palermo monitoring, I recommend that our guidelines be firmly established. Mr. Palermo is interested in consolidating his position so will strike a hard bargain for teacher rights, but he does not want to create hard feelings either so I believe he will be reasonable as long as he understands that this situation will be corrected.

In light of the fact that our collective bargaining contract has over two years remaining I recommend that Superintendent Ewing request a meeting with Mr. Ford and ask what Mr. Ford feels would be the most satisfactory way to settle his grievance. Since Mr. Ford is president of the local teachers' association he undoubtedly hopes to gain more than just consideration of his own situation, but at Level Two he may be willing to focus on just his case at this time. It seems to me that they would both benefit from joint problem solving and together looking at what caused this grievance in order to eliminate the perceived unfairness.

From Supt. Ewing's discussion with Mr. Palermo it sounds as if he might be willing to look at this case alone without encouraging others to file grievances for past situations.

If Mrs. Amsler's information is correct there might be a potential for 19 teachers to file if the period were extended to six times over two or three years, but I feel that by honoring Mr. Ford's grievance a two year limit could be set and established as precedent.

If it is not possible to settle at Level Two and the situation comes to the school board I recommend that you focus on Mr. Ford's case only and attempt to settle with him only and not as a symbol of past practice.

At the same time I feel that you ought to insist that working conditions at the high school are improved so that there will not be cause for so much tension. I also recommend that the Board institute a policy that absences arranged for in advance be covered by hiring substitutes thus honoring the spirit of the bargaining agreement.

Starting now I recommend that assignment of a teacher to cover for another be handled more carefully. The faculty and staff have a shared interest in making school life as friction-free as possible, but that necessitates recognizing each others legitimate concerns.

Whatever the decision is in Mr. Ford's case it will undoubtedly be considered precedent for the length of the contract period and will be subject to collective bargaining for the 1983 contract. By conscious attention, the principals should be able to control the situation between now and then.

By recognizing ~~that~~ the increase of time spent by teachers filling in for others and making a good faith attempt to correct it I believe that the Board and the Administration will be perceived as making an effort to operate within the spirit of the bargaining agreement - and they should do so.



FINAL REPORT

FOR

THE MINNESOTA HOUSE OF REPRESENTATIVES

PREPARED BY PUBLIC SYSTEMS ASSOCIATES, INC.

DATE SUBMITTED: JUNE 3, 1981

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## EXECUTIVE SUMMARY

The Task Force on Data Systems contracted with Public Systems Associates to assess opportunities for improvement of information services within the Minnesota House of Representatives. Public Systems conducted the study in three phases and submitted reports to the Task Force upon completion of each phase. The Phase I report contained the review and evaluation of the needs and opportunities for information service improvements. It also provided a framework for conducting future assessments. The Phase II report detailed specific service designs in areas selected by the Task Force. The third report presents options for implementation of the selected services and recommends the course of action viewed by the study team as most appropriate.

The Phase III report contained here reviews a long-range planning process and short-range development plan for the House. This report also presents four alternative means for implementing the selected information service enhancements. The four options are; a non-automated approach where improvements are achieved through changes in manual practices and procedures. Secondly, comprehensive computerization where service improvements are achieved within the context of a centralized computer center that essentially contains all data bases and serves as a single source for distribution of data. The third option is an incremental coordination approach where information services are improved thru use of automation where appropriate. The development and initiation of these automated improvements would not take place on a single large piece of computer equipment but rather would be implemented through use of the smallest and most efficient available hardware. The development of the different services would be coordinated by an identifiable agency of the House. The fourth and last option described in this report is to decline to initiate comprehensive improvements. This option assumes that either the House does not perceive the need for current or future improvements in their information services, or that such enhancements as may be required will be addressed by the appropriate service users and staff.

Each option contains a detailed description of how to use it to implement selected services. In addition the advantages and disadvantages of the various approaches are discussed. Following these presentations is a section on how to review and select the most appropriate option in order to assist the reader in arriving at his decision. The study team recommends the incremental coordination approach as being the best means of implementing information service improvements in Minnesota. This recommendation was arrived at after taking into consideration the current and probable future enhancements that will be initiated by the House of Representatives. In the view of the study team this approach represents the most cost-efficient and "ease of operation" alternative for Minnesota. It offers rapid results for a minimal expenditure and also allows for maximum flexibility in design and utilization.



Following the study team recommendation is a work plan that identifies specific steps suggested to be followed to implement the recommendation. These steps are intended to provide the Task Force with sufficient direction to begin implementation of whatever services are selected for implementation.

## REVIEW OF OVERALL STUDY

The House of Representatives of the Minnesota Legislature established the Task Force on Data Systems with the purpose of reviewing and evaluating the information and data requirements of the House. The Task Force contracted the services of Public Systems Associates to review the current information systems in use by the various agencies of the House of Representatives and determine where opportunities for improvements or enhancements may exist. In addition, the consultants comprising the study team were to identify areas where additional information, data gathering and data processing systems might be established to the benefit of the legislative process. Subsequent to that evaluation the Task Force selected three information services for detailed description and design. Upon completion of those specifications the study team was to make recommendations to the Task Force on steps for proceeding towards the development of improved data processing systems within the House.

The work effort was divided into three separate undertakings, they were; first, an overall review and assessment of the current needs and future opportunities for the House. Second, the preparation of service designs and operational frameworks for three high priority services as determined by the Task Force. Thirdly, a set of recommendations containing a process for identifying and evaluating data processing needs and accompanying procedures for development and execution of a long-range plan with steps for implementing short-range goals and objectives. Illustration I presents the basic goals and objectives of the study effort.

### Goals and Objectives

*were considered*  
In determining the present and future information system needs the study team examined the areas of House legislative operation that required significant collection, manipulation, maintenance and distribution of information. Areas such as administrative support, research, bill handling, leadership and management support, and the large area of fiscal review. In analyzing these areas the study team evaluated the possibilities of system improvements for the House and presented its findings, to the Task Force which identified ~~seventeen~~ <sup>then</sup> separate opportunities for the House to enhance its information processing systems. Each of the services presented listed the description of the service, its capabilities, a designation as to whether or not a conceptual design was required, the user philosophy, a statement of implementation requirements and the effort associated, the availability of data for the service system, and the relationship of the service opportunity to existing or possible future systems. The list of services represented a set of options for the House (see Illustration II). Within the report presenting these options were sections describing criteria for evaluation and prioritizing the various services. Accompanying those sections were also guidelines for proceeding towards the long-range plan.

## GOALS AND OBJECTIVES

- Review Information Processes of the Minnesota House of Representatives
- Assess Opportunities for Current and Future Improvements
- Design Long-Range Planning Process
- Establish Short-Range Planning Process
- Prepare Specifications for Selected Service Improvements
- Prepare Recommendations for Implementation of Service Improvements

## Illustration I



SERVICE OPPORTUNITIES	DESIGN REQUIRED	UTILITY/ NEED	USERS	DEPENDENT ON OTHER SYSTEM	STAFF/ MAINTENANCE	DATA AVAILABLE	DIFFICULTY	CURRENTLY BEING PERFORMED	INTEREST
1. Appropriations Tracking and Expenditure History	Yes	High	Appropriations Committee Staff Members at Large	No	High	Yes	High	No	High
2. Revenue History and Tracking	Yes	High	Finance and Appropriations Committee Staff	No	Low	Yes	Medium	No	High
3. Financial Score Keeping	Yes	High	Leadership Fiscal Committees Staff	Yes	Low	Yes	Medium	No	High
4. Appropriations - What If	Yes	High	Fiscal Committees Staff	Yes	Low	Yes	Low	No	High
5. Bill Tracking	Yes	High	Members Staff Non-Legislators	No	Low	Yes	High	Yes	High
6. Capital Appropriations Tracking	Yes	High	Fiscal Committees Staff	No	Low	Yes	Medium	No	High
7. Office Space Management	Yes	Low	Staff	No	Low	Yes	Low	No	Low
8. Expenditure Tracking	Yes	High	Fiscal Committees Staff	Yes	High	Yes	High	No	Low
9. Committee Reports	Yes	Low	Staff	No	None	N/A	Low	Partially	High
10. Statute Retrieval	Yes	Medium	All Members Staff	No	Low	Yes	High	No	Medium
11. Word Processing and Electronic Communication	No	High	Staff	No	None	N/A	Low	Limited	High
12. Constituent Survey	No	Low	Staff	No	None	N/A	Low	No	High
13. Administrative Support Services	No	Low	Staff	No	Low	Yes	Low	Not Centrally	High
14. Legislative Reference Library	No	Low	Staff	No	Low	Yes	Low	No	Low
15. House Finance	No	Low	Staff	Yes	Low	Yes	Low	Yes	Low
16. Analytical Support	Varies	Varies	Staff	No	Varies	Varies	Varies	Partially	Low
17. Computerized Telephone System	No	High	Members Staff	No	Low	N/A	Low	No	High

Design Required -

does the service application require significant systems analysis prior to implementation and use.

Utility/Need -

is measured as a result of study team interviews and evaluation.

Users -

is a statement of who the prime user groups would be for each specific service opportunity.

Dependent on Other Systems -

does the opportunity have a significant reliance on other listed opportunities.

Effort -

This is an estimate by the study team of the measure of staff effort necessary to support the full capability of the service opportunity. "High" means four or more staff will be required. "Low" means less than four.

Data Available -

this category reflects the degree to which the data necessary to support the service opportunities is available in a usable form

Difficulty -

the measure of difficulty is an assessment by the study team of the effort necessary to develop and maintain the computer service as well as provide support data to the service opportunity.

Currently Being Performed -

reflects whether or not the service as described is being substantively performed at the present time through existing computerized legislative services.

Interest -

is an indication of the interest shown in the interviews conducted by the study team.

## Products of Study

The long-range plan for service improvement for the House not only included descriptions of opportunities for service and the means of assessing those opportunities, but it also described the steps to be undertaken in conducting the assessment. The plan also defined conceptual and service designs and applied them to selected services. The conceptual design describes the content, projected use and types of information for data to be processed, the availability, verification and presentation formats of the information addressed by the system. The conceptual design utilizes a service design component that describes for the user how the system will meet its objective and who will be the primary user of the service.

The methods of addressing the initial service objective contained within the long-term plan, and recommendations for proceeding towards those objectives, are the "short-range" plan. The specifics of the short-range plan are contained in this report. The final report in fact serves as the basis of the short-range plan. Following completion of the short-range planning process actual service development begins. Illustration III outlines the steps the development process should follow.

### STEPS FOR SERVICE DEVELOPMENT

- Recommend Incremental Coordination as Basic Service Approach
- Appoint Policy Committee
- Make Appropriate Staff Decisions
- Adopt for Development Three Services

Illustration III



## LONG-RANGE PLAN

The long-range plan for improving information services for the Minnesota House of Representatives is in fact a "process". A process for identifying areas for service enhancement or development, describing and prioritizing those areas, evaluating the specific functions of the service, selecting the specific service and developing a work plan for implementing the specific service.

In the first step of the identification phase of the process it is important to remain aware that the legislative environment is unique and its processes must be reviewed with emphasis on user satisfaction. *must* Emphasis should be placed on legislator and staff users of the information output needed in determining the definition for proposed information services. The second phase of the process should be prioritization of the service needs that were identified. Not all things can be done, nor are they equally desirable or beneficial. The first report of this study presented priority indicators, they were:

- Money
- Time
- Development
- Service User
- Need
- Demand
- Desirability
- Staff
- Cost Savings

After the services have been assessed in relation to the measures indicated above, each service should undergo detailed description and then evaluation. In evaluating the potential services legislators should consider eight criteria presented in the first report:

- Program capability
- Conceptual design requirements
- User philosophy
- Implementation
- Dependency upon other services
- Data availability
- Effort
- Cost

Adherence to these criteria will provide a uniform framework for the next sequence of the long range development process; that of actually selecting a service or services for development. The selection will rely heavily upon the immediate set of circumstances the decision is made within. As an example, if Reapportionment is pending, then a legislature would probably

find that an information processing service that could quickly and easily present the impact of a particular proposal and possible alternatives extremely valuable. However, that same legislature may find such a service selection to be less desirable if the decision were confronted in the middle of a decade. Following the selection process the last phase of the long-range plan is the establishment of a work plan. Such a plan would state what service or services are to be developed and the requirements the service should contain. The specific details of the work plan represent the short-range plan for the legislature.

#### Findings

*Survey?*  
In the course of the study it was discovered that a wide range of interest in enhancements to information processes existed within the House. The areas of finances, administration, document maintenance and retrieval, and legislative management were all repeatedly mentioned as areas of the legislative process that members and staff indicated should be opportunities for improved information systems. Illustration III presents the seventeen service opportunities indicated most frequently and arrays the various evaluation criteria pertaining to each. *p. 5*

The absolute need for an individual service or collection of services can only be determined by the legislative body. Only they can measure the need for reduced turnaround time between request and delivery, whether a presentation or report format clarifies or distorts the issues to be confronted, the adequacy of their staff and clerical support, or the impact of the analysis they receive. The measurement of these items is a part of the responsibility of the leadership and the actions to be taken in response is that leadership's responsibility. However, the planning process presented in this study can provide insights into where needs exist and structured remedies that can incorporate the unique conditions of the Minnesota legislative process.

#### Application of Plan

The long-range plan represents a process for review and determination by the legislature. In order to pursue the process to maximum benefit a continuing structure is recommended to be established. The creation of a structure to support the planning process establishes responsibility. The primary component of the planning support structure is a Policy Committee composed of senior legislative staff and House members from major user areas such as House management, fiscal, education, and caucus leadership. This committee should be from nine to eleven members in size in order to assure diverse dialogue and should report to the Speaker. Second to the Policy Committee should be the Office of Information Systems of the House of Representatives. This organizational unit should contain a management specialist and necessary clerical support. Its role will be to act with existing legislative staff personnel to undertake the identification, prioritization and evaluation of potential services. This information would then be prepared and presented to the Policy Committee

for their consideration or selection of specific services. The Policy Committee would prepare their recommendation to the Speaker for his consideration with other elements of the House leadership. Following a selection of a service proposal, or proposals, it would be the responsibility of the Office of Information Systems to prepare the work plan, the final step of the long-range plan.

The process of proposal review and selection should take place soon after each annual session and the entire long-range planning activity re-examined at the end of each biennium. It is assumed that staff and legislators informally review the various information systems, particularly during each session. It is not seen as desirable to try and formalize this portion of the review. The time demands of the session and the nature of the review or observations seldom lend themselves of objective evaluation and produce a limited return on any investment. However, the new office could be sensitive to these occurrences and include where possible those concerns within the formal process that begins at the end of the regular session.



## SHORT-RANGE PLAN

The short-range plan is the product of the long-range planning process. It is the next step to follow the selection of services and designation of a work plan. The implementation of the work plan entails preparation of the conceptual design for the selected services and accompanying detailed descriptions. Additional components of the short-range plan are options for development of implementation, operation and management. The question of equipment, if necessary, is the final step of the plan.

### Application

The short-range plan is used as the natural progression of the long-range process. From the work plan come steps for design and implementation. Steps that relate back to the identification and evaluation elements of the long-range process. The procedures for implementing the results of the long-range planning process are in fact the "short-range" plan. These steps take the "what" from the long-range and apply the "how", "when", and "for when".

## IMPROVING INFORMATION SERVICES

*changing times + framework*

Information <sup>systems are</sup> processes have been discussed as the means by which information or data is gathered, evaluated and transmitted in support of the legislative process. The legislative process contains many different elements and these elements are in turn served by individual or multi-purpose information services that together form the overall processes of the legislature. ~~It has been mentioned previously that a legislature's specific needs change over time.~~ Differing issues produce changes in focus and emphasis with resulting alterations in demand for information or structures of information. This evolutionary process, with its accompanying demand for more or better information processing, is frequently addressed by application of new data techniques and technology. The role of data as a factor in legislative decision-making has increased dramatically in the last decade. Legislators and staff have discovered that existing agency operations produce large quantities of data that when appropriately used have been invaluable to the legislative process. Throughout the states, legislatures have found themselves pressed to make better use of program data and to be more creative in their requirements for data processing to meet their needs. These circumstances have given rise to a variety of applications of data and information systems and equipment to meet legislative needs. There is every indication that this growth will continue. The States have assumed greater policy and delivery responsibility for government services in recent years and the trend is not abating. To meet these responsibilities the states are going to have to collect and process more and more data to meet executive and legislative requirements. It is reasonable to assume that the growth in states' responsibilities and the accompanying changes in data amounts and complexity will require assessment and adjustment to the means by which this information is handled. The current information processing systems, as well as those that will evolve in the future, contain the following characteristics: (See Illustration IV).

- Centralization - the information or data is collected in a body and maintained on a continuing basis.
- Verification - the data is verified as to its accuracy and appropriateness.
- Timeliness - the data or other information is the most recent available for its purpose.
- Format - the data is arrayed in ways that are proper for the purpose to which the data is put. Also, the formats containing the information are clear and understandable.
- Illustrations - the system should seek to make maximum use of charts and graphs to enhance understanding and use.

### INFORMATION SYSTEM CHARACTERISTICS

- Centralized Information Resource
- Accurate
- Timely
- Easily Recognized Formats
- Use of Charts and Graphs
- Easy to Use

Illustration IV



Ease of Use - the information system should be easily understood by the system's target group.

*Accuracy*  
Acceptance - the users of the system or process regard the data produced to be accurate.

These characteristics are applicable to all information systems, but are particularly significant to the legislative environment where rapid, relevant, and understandable information is critical to the legislative process.

#### Relationship to Automation

*The report to Rep Kahala comm stressed that*  
In addressing these needs and circumstances all too often the initial reaction is to seek to automate either existing services or any proposed enhancements. It is important to bear in mind that the choice to proceed should only be made when appropriate. The situation is appropriate only when the costs for such innovations are outweighed by the benefit. In fact many improvements are possible through a systemized review and assessment of present practices and subsequent development of new manual procedures. However, some enhancements should be measured in terms of immediate and long-term costs. For example, improving the flexibility and timeliness of formats manually may represent a smaller annual expenditure than the cost of an automated system, but over a period of years its total cost would be roughly the same or greater.

#### Future of Technology in Minnesota

As technology has become cheaper and more available over the past years so it will continue in the future. Basic data storage and clerical applications have become common-place in just a few short years. Easy to use and inexpensive automated support systems in the areas of word processing, management services, and document maintenance are immediate candidates for use in enhancing the legislative process. It is reasonable to assume that continuing strides will be made in the equipment and application designs. Some of these advances have already begun to present themselves in the Minnesota legislative environment. The Clerk's Office, Revisor's Office and House Research already make important use of automated systems.

## OPTIONS FOR PROCEEDING

The result of the short-range planning process will indicate to the House one or more information enhancements as desirable for implementation. At that point the legislature has four options or means of proceeding with the development of those services. They are: (See Illustration V).

1. Non-automated improvements - this approach does not require new or additional equipment but rather emphasizes changes in operations and procedures.
2. Comprehensive computerization - calls for service development within the context of a central computer center with accompanying hardware.
3. Incremental coordination - uses existing equipment and some additional small additions. It emphasizes cross-utilization and requires minimum capital investment.
4. Decline to use comprehensive approach - this option relies on the institution of the improvements by existing staff within an uncoordinated and unsupervised framework.

### I Non-Automated Improvement

The various options are detailed for the Task Force. The first option is the non-automated approach. This option emphasizes manual procedures and techniques to improve data gathering, review, evaluate and enhance reporting formats and calls for improved coordination between the data sources, evaluators and users. The selected service implementation is directed by a designated service manager who guides the institution of the conceptual design developed in the short-range plan. This individual assures that all areas of the legislature are included and that appropriate staff are assigned responsibilities for all portions of the conceptual design. In monitoring the process of implementation the service manager assures compliance with the service design as his measure of obtaining the objectives of the information system improvements. ① FN.

This option requires that existing centralized data resources be maintained where possible and appropriate. Where service improvements require additional or enhanced data, special data bases or decentralized resources must be identified and/or created. In order to optimally utilize these data bases, standards for collection, verification, and use, must be established and formalized. These guidelines will require the technical assistance of some staff personnel. Within this framework the maintenance of the data will be by hand and performed on a regular basis by identified personnel.

### OPTIONS FOR PROCEEDING

- Non-Automated Improvement
- Comprehensive Computerization
- Incremental Coordination
- Decline Comprehensive Action

Illustration V



## Resources

It is estimated that the personnel required to meet the initial data establishment requirements and to support and maintain the data for the three services selected by the Task Force; Budget and Expenditure History, Revenue History, and Appropriations Tracking, will be a data coordinator and two data-input clerks. These positions will be in addition to any existing House staff who will be involved in initiating and using the improved services.

## Organization

The personnel involved, the legislative staff, project staff and service manager can be designated as the project team. They should report on a regular basis to the Policy Committee recommended to be established earlier in this report. The project team would be responsible to the Policy Committee for day to day operations but their administrative support such as personnel actions, payroll and supply acquisitions would be provided by existing agencies within the legislature so as not to create a new bureaucracy.

## Advantages vs. Disadvantages

In choosing the non-automated approach to information service enhancement the legislature would have the advantage of a minimum resource commitment. Development could be initiated with minor additional staff and no equipment outlay. However, this option also has several disadvantages. It has little chance of making a significant impact on the legislative process, partially because it lacks flexibility in its use and presentation of the data contained in the system. Original determinations of the report formats and data use frequently preclude adjustments at later dates. Another disadvantage is that non-automated or only manual improvements fail to use existing technological tools.

## Relationship To Current Selected Service

The non-automated option is feasible for the Minnesota House because the necessary data base exists and appropriate staff personnel are in place. Only the project team would need to be recruited and the Policy Committee established. These steps would need to be undertaken immediately in order for the new policies and procedures to be established and made operational by the 1982 Legislative Session.

## II. Comprehensive Computerization

This option describes a traditional approach to developing computerized information systems utilizing the latest technologies, that is, the installation of centralized computer and related peripheral equipment connected to several user terminals through which House members and staff would process and retrieve information. This approach allows for a large centralized data base encompassing all the functional areas of interest.

## Development

There are several steps that are required in a development program such as this. A description of each is given below:

1. Specify one of the priority functions and two of the non-priority functions for immediate implementation.
2. Design in detail the specified functions.
3. Investigate off the shelf packages for the non-design functions and begin acquisition.
4. Specify the computer and terminal equipment and begin acquisition.
5. Locate the computer facility site.
6. Plan and design the necessary modifications and remodeling that must be done.
7. Specify the environmental equipment (air conditioning, power, fire suppression, raised floor) and begin acquisition.
8. Begin programming the priority function.
9. Identify most accurate source for the required data; begin collection.
10. Enter the data into the data base.
11. Verify the entry process.
12. Test the retrieval processes with the data base.
13. Deploy the terminals to the users and begin training.
14. Continue with the next priority.

## Operations

### 1. Management

There are several areas of management which should be considered in this approach. These include: Management of the development work; coordination with the members and staff; supervision of original and on-going data input and maintenance; management of the original installation; and on-going management of the computer center.

## 2. Service Delivery

This option can deliver computerized services in a variety of ways:

- Terminal: Requests can be made directly through a computer terminal and the results (both tabular and graphic) received on a TV-like screen. This provides the users with a fast-response information display formatted to their specifications and in their own terminology.
- Hardcopy from terminals: Each terminal may be equipped with a printing device to produce a paper copy of what is shown on the terminal screen.
- Paper reports from the computer: Reports directly from a high speed printer tied to the computer may be requested on a scheduled or as-needed basis.

## 3. Data Maintenance

The data bases in the system must be obtained from original input to periodic updating. Some data may be available in computer readable format. (i.e. on magnetic tape) and some will have to be input through data entry terminals directly into the computer. Since this approach utilizes a centralized computer and data base, data entry can also be centralized, although terminals remote from the computer center can be designated as input devices.

## Resources

The nature of this option requires that the primary resource can be centralized. The computer and its related equipment, the operations, programming, and management would operate from a central location. Listed below are the major resource areas:

1. Personnel: One project manager, 2 data entry clerks, and 2 production programmers. The salary costs for these people will be between \$100,000 and \$150,000 per year.
2. Equipment: The approximate cost for equipment will be between \$500,000 and \$700,000.
3. Environmental Equipment: The air conditioning, power distribution, fire suppression, and raised flooring equipment will have a one time cost of between \$60,000 and \$80,000.

100      150  
100      1 m



4. Operating Supplies: Disk packs, tapes, papers, ribbons and other miscellaneous supplies will cost between \$30,000 and \$40,000 per year.
5. Consulting Services: Outside consulting can cover from overall management and technical review to programming, installing, and running the systems. The costs of these services vary from \$100,000 to \$1,000,000.

#### Personnel

Under this option, the initial phases of the project will require a project manager, two input/data entry clerks and 2 production programmers. The project manager will coordinate the actual technical development work with the needs of House members and staff. He/she will manage the daily operation of the project. This person will translate the needs of the House into technical terms the programmers can use to develop the systems. Experience in technical management and familiarity with the legislative process should be requirements for this position.

The data entry clerks will be responsible for entering data which is not readable by the computer. They will also check and verify the accuracy of the input process. They should be experienced in computer data as well as data control techniques.

The programmers will be doing technical design work as well as the actual computer programming. Experience in the use of large scale mini-computers and knowledge of computer languages in a time-sharing environment will be desired.

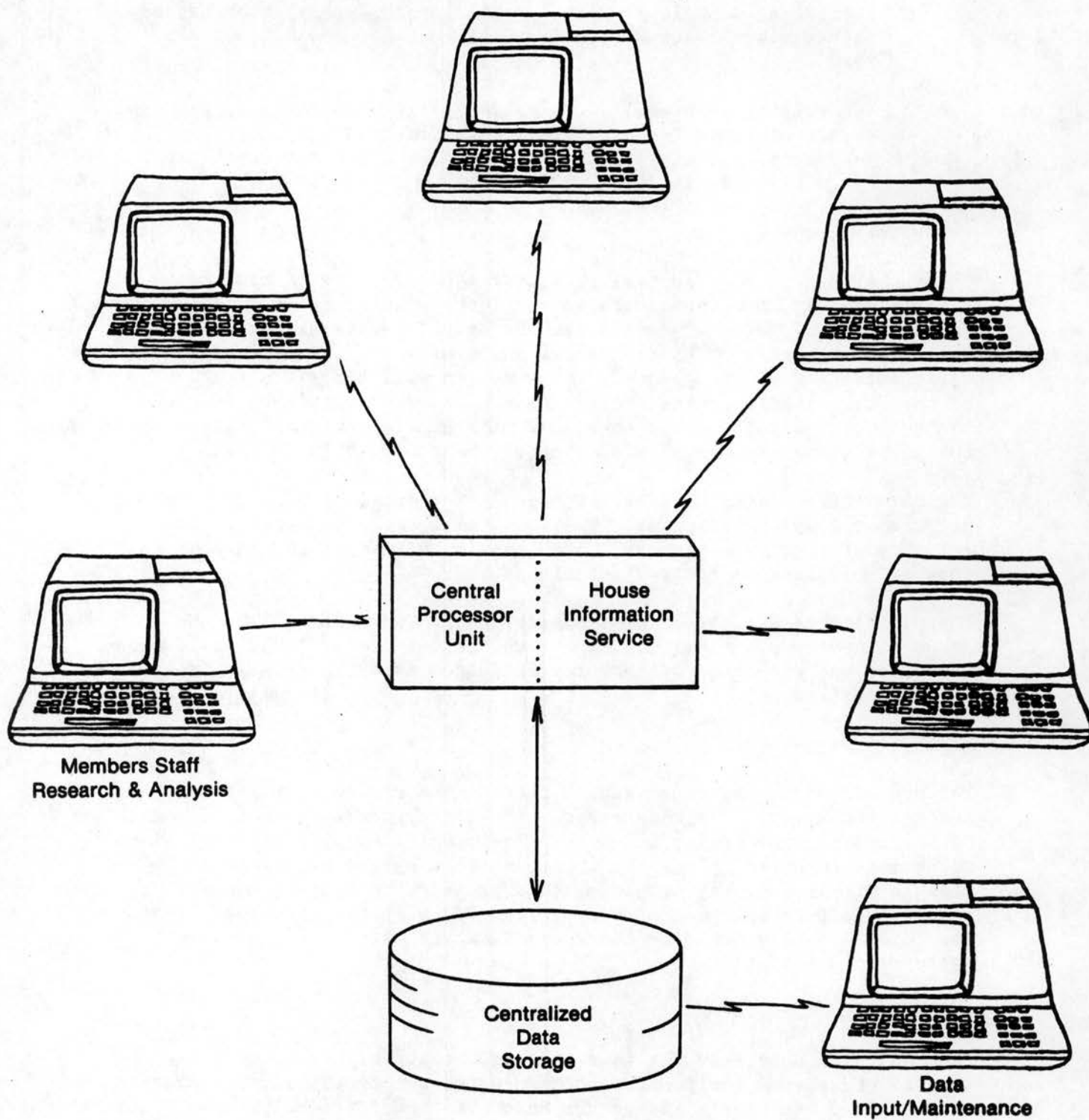
#### Organization

The project should be organized to provide the maximum input from the members and staff. For this reason, the Policy Committee should remain intact and provide policy guidance. The project manager will translate these into technical plans for implementation by the programmers. Because of the on-going nature of this project the project manager should report to an existing body in the legislature. Possible groups for this lead role would be the House Research Office or the House Appropriations Staff.

#### Automated Equipment

The equipment necessary for this option consists of a computer, its related peripheral equipment, a communications network, and the terminal and hardcopy equipment. These are described in detail below: (See Illustration VI).

- Computer: The computer will consist of a central processing unit, internal memory, and interfaces to the peripheral equipment.



Option 2 - Comprehensive Computerization

Illustration VI

- Disk Storage Units: These devices will contain the data bases and the programs (software) for the operation of the system. They offer rapid access to the files of information needed by the system. For example, in the appropriations tracking function they will contain several years of appropriations history as well as information for the governor, House and Senate committees, and the final conference positions.
- Tape Storage Units: These enable the computer to read magnetic tape containing data. These tapes will come from other computers in the state as a method of data transfer. For example, some appropriations data could come from the biennial budget system computer system in this form.
- High Speed Printer: This will provide paper copies of reports. While most of the information needed by members and staff will be available through the terminals, some more lengthy reports will be available on a paper copy. Paper worksheets for the staff will also be available.
- Communications Network: Information must be distributed to the various user terminals through a communications network. This will consist of cables (either from the telephone company or installed by the state) and terminal interface equipment (MODEMS) which will allow the terminals to communicate with the computer over phone lines or cables.
- Terminals will be television-like devices with a typewriter keyboard. They will allow members and staff to request and receive information from the computer. They will be able to display both tabular and graphic information in an easy to understand format.
- Hardcopy Units: Some terminals will be equipped with devices that will produce paper copies of what is displayed on the terminals. In the case of word processing and similar functions the copy should be of letter quality while other terminals will be equipped with copiers to reproduce graphic displays.

#### Advantages and Disadvantages

##### Advantages:

- Large complicated jobs such as models can be run on the House's computer and the results be displayed on the terminals.
- It will support a large network of terminals both in the Capitol Building and remote from it.



- It will have a large central data base which can be maintained from a central point.
- It will support fast peripheral devices such as tape and disc units and high speed printers.

#### Disadvantages

- There is no redundancy in case the computer fails.
- There is a large investment in preparing, equipping, and maintaining the site.
- The initial cost of purchasing the central computer hardware will be high.
- Some applications such as word processing will not be effective as with stand alone units.
- There is a definite limit on the number of terminals without major upgrades of the hardware.

#### Relationship To Current Services

A comprehensive computerization approach will provide more computer capacity than will be necessary for the current priority functions (revenue tracking, appropriations tracking, and budget and expenditure histories). As these functions are implemented and new ones are given priority, the surplus capacity will be consumed and the equipment will have to be expanded.

### Incremental Coordinated Approach

The third option for proceeding with a service improvement program for the Minnesota House involves two interrelated strategies. The first strategy addresses the coordination and management of the improvement effort and the second addresses the computer equipment on which the services are provided. (See Illustration VII).

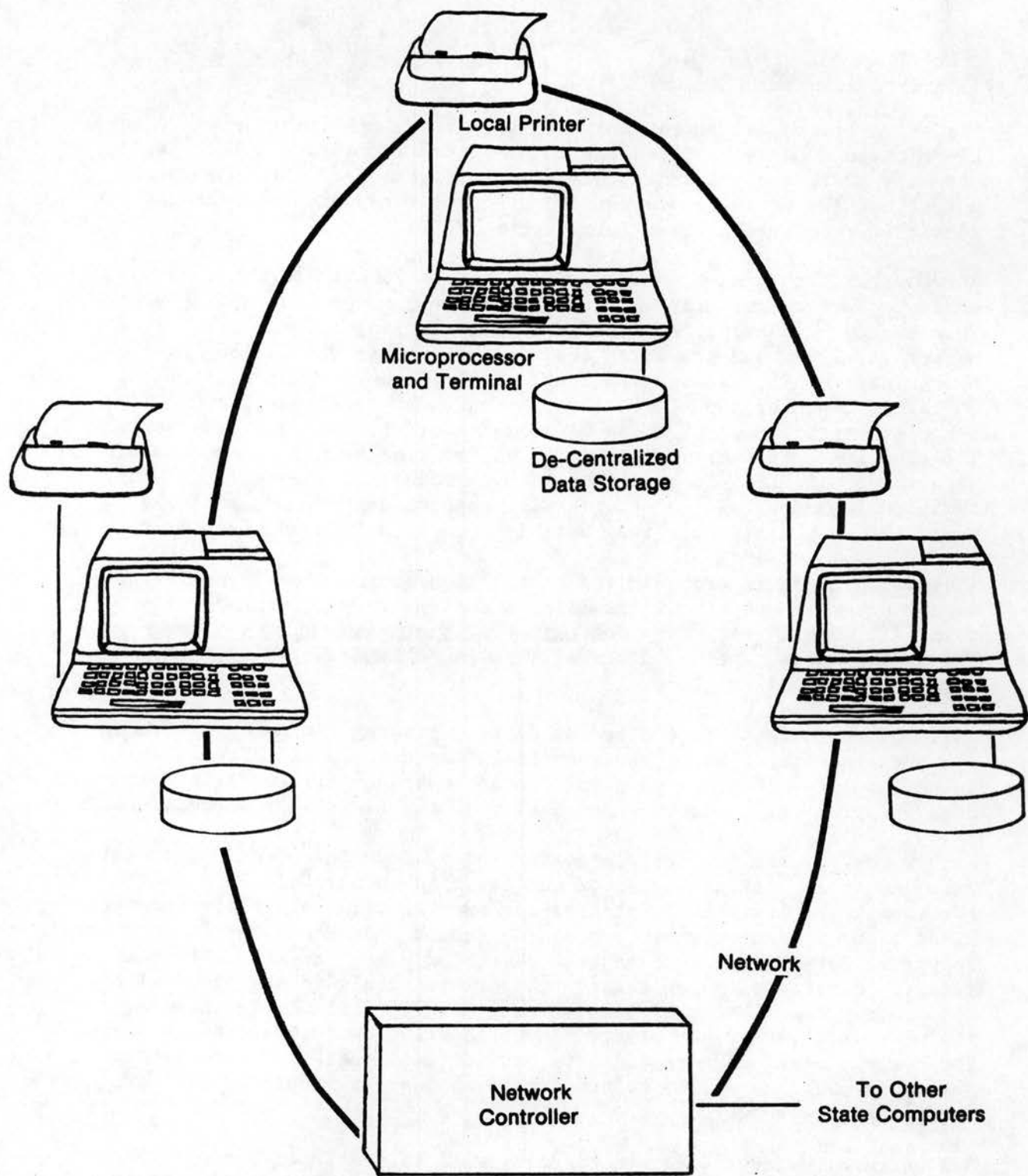
The equipment portion of this option proposes linking together very small computers, normally referred to as microprocessors into a network. Such a network concept involves physically linking the devices in the network together and providing the programming for the devices to communicate easily with one another. Each microprocessor is a self contained computer capable of functioning as an independent unit. The range of capabilities of these microprocessors is extremely impressive. Included in the network will be devices for storing modest amounts of data which will then be available to each member of the network. The individual members of the network will request data from the storage units and then manipulate that data into reports independently.

The microprocessors proposed for this option are physically no larger than a standard computer terminal or a contemporary word processing terminal. Due to their compact size and standard power requirements no special facilities would be required in the Capitol Building to accommodate them.

These microprocessors are also the fastest growing technology in the computer industry. While older units in the network will have little value (usually not of primary concern to governmental users), newer, more powerful units can be added easily as the technology becomes available.

Each member of the network can perform as an independent unit (normally referred to as "stand alone") or can function as part of the network. For example, a legislative staffer can use the terminal in its independent, stand alone mode to compose a research report and then enter the network to gather data and produce several charts or graphs to attach to the report. Similarly, a legislator can work privately in the stand alone mode on the development of some strategic legislation and then enter the network to query his electronic mailbox for communications or messages. The concept here, of course, is to provide small self sufficient service stations which can "talk" to one another and access pools of data shared throughout the network.

The units with larger storage capacity will be scattered through the network, as needed, and each such unit will be attached to one service station. The storage devices will each be dedicated to a single purpose



Option 3 - Incremental Coordinated Approach

Illustration VII



or information base (i.e., Revenue collections, budget histories, current year-to-date expenditures, electronic mail, etc.). Where practicable the storage unit and microprocessor will be physically located with the staff primarily associated with its use and maintenance, although that is not required.

During the development of each new information service the staff will make a recommendation to the Policy Committee on whether the current House staff should be responsible for maintaining the information bases associated with the service or whether the bases should be maintained by the new information services staff. For example, if the decision is to make the House Research Tax Committee staff responsible for updating data on revenue collections then the storage unit for that data would be placed physically in their staff office and attached to their service station.

In a manner similar to the incremental growth of the service network based on need and positive accomplishments, the staff associated with the services can be carefully developed. Beginning with a minimum level of staff commitment (as indicated in the subsection of Personnel) the staff can be increased based on service expansion decisions. Also, since the responsibilities for entering and maintaining information will be placed with appropriate staff entities wherever possible, no large computer oriented type staff will ever be required. Such an approach is oriented to preventing the growth of any new staff organization which can inadvertently become an independent service unit and an additional House staff unit. The objective is rather a compact team oriented toward highly specialized services and technical assistance.

#### Development

One of the real advantages of a network approach such as proposed here is its flexibility for development purposes. Once services are selected for development in accordance with the long-range and short-range procedures, those services can be developed on a single unit and then provided on a need and authorization basis to the network. The network itself can start out with just one or two units. In this way, the utility of the concept to the legislative process can be verified with a very modest investment.

While programming and analysis skills will be required for development of services, some services, such as word processing, are readily available in already completed packages. For those services requiring special design, data collection, and program features, a single service unit within the network will be dedicated to development of new services. That unit will be physically located with the information services staff. Once the data has been gathered and stored and the programs to manipulate and format the information have been tested, the new service can be released to each station that has been authorized for its use.

The use of carefully selected assistance by outside consulting expertise may help in keeping the staff requirements small. There is no need to laboriously create expertise in areas such as networking, micro-computer design, control software, and certain data base handling procedures. By purchasing assistance in areas not regularly needed by the service staff, the House can also shorten the time required to prepare and begin to install service applications.

A possible development plan should include but is not limited to the following steps:

- Select one service requiring a design
- Select two services requiring no design
- Describe desired system operating characteristics (i.e., how the service will operate in general)
- Create detailed designs for the services in conjunction with the primary users
- Evaluate available packages for two services not requiring a design
- Program and test, or install as required
- Establish data collection/input/verification standards
- Collect and verify initial data base
- Begin data update
- Begin carefully monitored use of the services
- Begin adding service stations, testing, and integrating each station
- For hardware requirements during development see "Automated Equipment" in this section

#### Operation

Once the network and services are operational, the service coordinator together with the programmer(s) will be responsible for training users, coordinating maintenance of equipment, maintaining software, assisting other legislative entities to derive new service needs and working with the Policy Committee to manage the service. The operating strategy of the incremental approach is to place a major burden of the data collection/verification/input responsibilities on appropriate users. In this way, the operating staff of the service can be kept small and effective.

The service will be available through the stand alone units in the network. The units can be placed in most any convenient location. The cost of individual units will help to limit placement and availability.

The typical service will be initiated through insertion of a disk or cartridge into the service unit. The disk will contain the programs for that service. Should the service require data, the appropriate data storage unit will be accessed automatically by the service unit. Should questions arise the user will be directed to the staff responsible for maintenance of the data and the information service staff as well.

The service coordinator will be responsible for the day to day activities of the information service team and will set priorities, where necessary, for the team's activities. For those data bases the service team is responsible for maintaining, the coordinator will establish timetables for collection and input of the data as well as oversee verification procedures. The source and format of such data as well as acceptable verification standards will be specified in the designs created during the development of each service.

A simple manual to assist in use of any of the system's services can be turned out in a published form (it should be simple and not lengthy) or the assistance can be built into the service and accessed directly on the terminal. The system should be designed for use by non-technicians to maximize its utility to the legislative community.

#### Resource Requirements

Based on a network of no more than 12 service stations, 6 major services where no more than one major service is in development at any given time, and 6 non-design pre-packaged services, the following requirements are estimated:

- Personnel

- 1 Service Coordinator
- 2 Programmer/analysts
- 1 Data clerk-secretary

Cost estimate: \$100,000 per year

- Equipment  
(see automated equipment)

Cost estimate: \$20,000 per station, \$40,000 network controller *for each 4 stations*

- Operating

Supplies, maintenance, insurance

Cost estimate: \$25,000 per year

- Consultant Support

Design, development, software, hardware, package evaluation, training

Cost estimate: \$500 - \$15,000 per package



## Personnel

The service staff concept which is recommended for the incremental approach is based on a small, highly qualified team. The team will provide:

- user assistance
- equipment maintenance coordination
- limited data input
- new service design
- new service development
- training
- recommendations to the Policy Committee
- response to Committee priorities
- implementation of "long-range" and "short-range" procedures
- prepare and maintain the user manual

The team will work closely together to accomplish this rather ambitious list of services. By limiting the initial services chosen for development and the initial number of service stations, the team will be able to adjust to the task mixture. The positions listed below have generic skills included in their description to serve as guidelines for interviewing and selecting team members.

- Service Coordinator - Legislative experience, financial/appropriations experience, familiarity with computer applications, familiarity with computer equipment, some programming experience desirable. Management experience or its potential in a project team environment should be strongly considered.
- Programmer/Analyst - 2 to 5 years experience in programming preferably on mini or microcomputers, knowledge of FORTRAN, BASIC, with one of these two languages as the applicants strongest programming language. Experience in all aspects of systems development. Comfortable working in a small team environment with minimal daily direction. Familiarity with contemporary microcomputer hardware and software a plus if not a requirement.
- Data Clerk - CRT experience one year minimum. Good with numbers and detail work. Medium typing skills.

## Organization

For maximum flexibility and best use of the small team concept it is anticipated that the Service Coordinator will be responsible for the daily management of the service team. The Coordinator will also have primary responsibility for preparing material (proposals, progress reports, recommendations) for the Policy Committee.

The service team should be guided in its efforts at the policy level by a special House committee. The membership of this policy committee should include the leadership or their designees. All decisions on development, access, equipment, security, and service expansion should originate in this committee (see Report I - The Long-Range Plan).

The team and service should become a basic House resource with the ability to serve members and staff in an unbiased and non-partisan manner. The service should receive its overall direction, specific development assignments, and guidance in its priorities from the Policy Committee.

For purposes of administration, office space, basic support and budgetary considerations the team should be supported by an appropriate existing staff agency. The agency selected and its director should provide assistance to the team in orientation to the Minnesota House's environment and provide guidance and assistance in working with the legislative community. The team and service should become a basic House resource with the ability to serve members and staff in an unbiased and non-partisan manner. The service should receive its overall direction, specific development assignments, and guidance in its priorities from the Policy Committee.

## Automated Equipment

Each service station in the network will include the following:

- Microprocessor - terminal type, two floppy disk drives, communications port, serial printer port, graphics support capability, operating system.
- Printer - letter quality for any station doing word processing or requiring finished quality hardcopy. For those stations requiring graphic hardcopy an electrostatic printer is indicated.

In addition the network may require:

- Disk Storage Unit - to hold data and some program material. Should be compact but allow high speed access to data contained. Required only on service units with data maintenance requirements.
- Network Controller - an intelligent network processor capable of coordinating transmissions between members of the network, individual members and itself. The controller will not be required until the network has grown beyond approximately four stations.

The microprocessor can be a packaged word processing unit if it fulfills the other requirements. Several of the industry accepted word processing suppliers do meet these types of requirements.

All of the equipment listed and generically described are readily available through a number of national vendors with local St. Paul offices. The history of both the vendor and the manufacturer should be carefully considered during the equipment selection process. There is no technical reason for requiring all units of the same type from a single vendor. Often, governmental organizations prefer to simplify their maintenance contracts and relationships by taking the single vendor approach.

The availability of good local maintenance support through flat rate agreements should be an important part of the equipment evaluation process.

It is the feeling of the study team that a significant number of vendors exist who will satisfy the generic requirements of the Minnesota House. During the next 12-24 months, microprocessor technology will be the fastest growing area of the computer industry.

For purposes of the development effort, the creation of more detailed equipment specifications must await detailed service designs and system operating characteristics. Only then will the operating requirements of the equipment be documented to the degree necessary for the production of equipment specifications.

The time involved for establishing specifications through receiving equipment proposals and issuing purchase orders should be fairly short. Four to eight weeks would not be unreasonable. Vendors in the microprocessor end of the industry are quick to respond to requests, they have a variety of standard packaging options, and they usually have a decent inventory of available equipment.

#### Advantages and Disadvantages

##### Advantages

- Simple to install units
- No special space or facility preparation requirements
- The network is easily expanded
- Utility of computer support to the House can be tested for a relatively small investment
- New applicable technology can be easily integrated into the network
- Increased users do not degrade the network as a whole



- Individual stations are not dependent on the proper functioning of a central computer.
- If one unit malfunctions, several similar units are available for backup.
- There are no costly decisions about enlarging the central facility to add service stations.

#### Disadvantages

- The network cannot handle services requiring large information bases such as statutory retrieval.
- The individual service units cannot handle large analytical programs such as complex statistical models.
- Since microprocessors are a newer branch of computer technology the features (software and hardware) are not as standardized.
- Due to the rapid growth and change of microprocessor technology it will be more difficult to find experienced professional staff.
- In all probability, due to the cost of individual units, no ultimate cost savings will occur over a centralized maintenance approach once the number of elements in the network exceeds twelve.

#### Relationship to Current Service Selections

Based on the list of opportunities in the long-range plan (see Illustration II) and the services selected for more intensive review (see Report II), the study team can find no serious drawbacks to the incremental computerization approach.

The three services for which conceptual designs were completed can definitely be accomplished on the equipment described. The staff and data maintenance strategies will also support these services. The only items of concern on the part of the study team was in the area of analytical support tools. Without a more detailed description of tools such as "revenue forecasting", "tax import analysis", and "pension models" it is not possible to ascertain if the tools can be implemented on the equipment recommended in the current option. However, the study team considers this limitation a minor drawback. In fact, the analytical models can be implemented and run on a larger computer on which the House can rent time and space. The House Research staff are already experienced in such an approach. The results of running the large analytical programs can then be input to one of the network devices and made available through special services designed for just that purpose.

Of course, it is possible in future applications of the long-range and short-range techniques, that services may be proposed which require greater processing and data storage power than exists in the network. The study team is confident that alternatives exist should such requirements become a priority. Without a specific example it would be unreasonable to suggest solutions at this time. However, the potential for inserting larger facilities into the network and allowing portions of the network to interact with these larger facilities is a viable future alternative.

#### Decline Comprehensive Improvement

The fourth and last option is to decline to take a comprehensive improvement action. The implications of this option are to either continue with the status quo or trust that needed changes will be encouraged and developed by existing legislative agencies within the context of their present operations. The review performed by the study team indicated that there was strong and wide ranging interest in improving the information processes of the House. To not select a comprehensive system for development of the desired improvements would be inefficient and not produce significant results.

Random enhancement, where and if it took place would produce duplicate staff efforts and redundant or unrelated data configurations. The economics of data sharing and multipurpose evaluation and output would be lost. To the extent that coordination of data services presently exists even these relationships would experience unplanned and random adjustments with the potential for dislocation without the guidance of a comprehensive set of goals and objectives that are inherent in each of the three previous options.



## REVIEWING THE OPTIONS

### Review Considerations

The four options identified in this report represent alternative means for the House to implement information system improvements they select. In choosing the most appropriate option the legislature should be aware that each alternative has strengths and weaknesses. In weighing those factors the identified needs, current structure and future needs of the legislature must be considered. If the decision has been made, or is likely to, that there will be future service enhancements the option that is most suitable for further development would have a higher priority than an option that limits expansion or would require major modification to accommodate it. Likewise, different options require different investment and administrative support. These considerations should be addressed within the context of the legislature's willingness to adopt the cost-benefit of the service to legislative need. Illustration VIII presents each option with their accompanying advantages and disadvantages.

### When to Initiate?

The option determination must begin during the session at least in a preliminary fashion in order that any required financial resources may be included in the legislative appropriation. Following the session as soon as possible, the formal adoption of a method for proceeding should be formalized. Frequently only "rough" estimates of the fiscal year cost are available. This seeming lack of specificity should not deter the decision. The amount of resources is seldom of a size to preclude its allocation once the need has been adequately identified.

### Evaluating Technical Requirements

The technical requirements included in various sections of this report have been carefully reviewed by the study team for the following:

- Will the proposed equipment types meet the generic operating requirements of the Minnesota House?
- Do sound, thoroughly tested technological alternatives exist for each option proposed in the study?
- Is there a sufficient variety of qualified vendors to prevent the House becoming totally dependent on a single vendor for any proposed option?

The study team is satisfied that an acceptable level of positive responses exists to each of the above areas. The technical expertise to independently verify the above issues is available should the Task Force wish to confirm them. However, the Task Force should not attempt to evaluate or decide the requirements on technical issues alone.

It is possible and advisable for the Task Force and appropriate House staff to evaluate the technical alternatives through their related areas.

## ADVANTAGES VS. DISADVANTAGES

### Advantage

### Disadvantage

#### Non-Automated

Minimum resource commitment

Least chance of making impact  
Lacks of flexibility  
Can't handle large data bases  
Fails to use available technology

#### Comprehensive Computerization

Speed  
Large Terminal Network  
Video display  
Can handle large data base  
Support peripheral services

No support if computer fails  
Large resource investment  
Some services not as effective  
as stand alone  
Some terminal limitation without upgrade

#### Incremental Coordination

No special space or facility  
Network easily expanded  
New Technology can be easily  
integrated  
Increased utilization does  
require system upgrade  
All functions not dependent on a  
single computer

Can't handle large information bases  
Individual units limited to their  
support of complex analytical models  
Some units not standardized  
Scarce experienced staff currently  
available  
Due to cost of individual units, cost  
savings diminish in relation to  
control computer after elements  
exceed twelve.

#### Decline Comprehensive Improvement

No investment required

Minimal opportunity for data sharing  
and integration  
Randomized information process  
improvements, if any  
Duplication of data gathering and use  
Loss of uniform data use and maintenance  
Loss of opportunities for staff and  
legislative efficiencies. Thru  
use of available and low cost  
technology.

### Illustration VIII

Each technical option has associated service limits, estimated costs, staff requirements, advantages and disadvantages. Each of these issues is contained in a separate section in the option description. Since each technical option has an identifiable set of recommendations or comments it is reasonable to evaluate the technical alternatives strictly on the non-technical supporting issues.

In addition, the study team has made a set of recommendations based on all of the factors involved in the current document. The recommendations are contained in the section on recommendations. The study team basically evaluated the issues below in arriving at their recommendations and all but the first issue can be repeated by non-technicians in the Minnesota environment using the estimates and findings included in this report.

- Technical performance and technical equipment limits.
- Staff requirement
- Minnesota House service objectives versus equipment performance limits
- Long-range and short-range costs
- Service products available for evaluation versus required investment

#### Use of Consultants

Due to the specialized nature of information services in the legislative environment, the study team has reviewed the possible role of consultants in the development and operation of any future computerized information service.

There are several types of consultant support available for computerized efforts in government. All of them can be considered for the options described in this document.

- Facility Management - The consultant is responsible for all phases of the computerized service. The client has no responsibilities beyond using the system and paying for the service. Equipment coordination, maintenance coordination, service design, programming, testing, operating all equipment, maintaining all information bases and making agreed upon refinements to the services can all be in a single contract. In this situation, no one working on the system, with the possible exception of a legislative system coordinator, would be an employee of the House.
- Service Bureau - The consultant is responsible for providing the services to the House on the consultant's own equipment. Normally, the House would be responsible for providing detailed design specifications on each service and would also be responsible for maintaining all information bases.
- Individual Assignments - One or more consultants are contracted for specific tasks in an in-house based effort. The consultant would work on a closely defined effort under the direction of the service coordinator.



Based on the options for service development and the current in-house staff capabilities, the study team felt it would be advisable for the House to consider, at a minimum, the use of consultant support on the individual assignment basis. Knowledgeable consulting support has the potential for shortening the time required for development by providing specific expertise when and where required. Otherwise, lengthy research and training may be required by the service team during development and operation. Some of the areas that should be considered for potential consultant assistance are:

- Equipment specifications
- Operating software design/development
- Application software design/development
- Developing system operating characteristics
- Data collection/verification procedures
- Operating standards/procedures
- System security
- Staff training
- Selection/implementation of pre-packaged software

#### Automated Equipment

Options 2 and 3 of this final report involve the acquisition of computer capabilities by the House. For either option the anticipated computer requirements are extremely modest for the range of information service improvement opportunities that have been reviewed in the current study.

Two basic options exist for the acquisition of such computer capabilities. The House can use the services of an existing state facility or acquire its own equipment.

The study team reviewed the candidate state facilities which could supply computer capabilities and expertise to the House. The facility that most closely meets the House's service needs is the Information Service Bureau (ISB). The study teams preliminary review of ISB indicated that the installation has a large and diversified set of current clients. While the central processing unit for ISB is sufficient at the present time several considerations are central to a decision to seek support from this unit.

The information systems envisioned by the House are extremely sophisticated. It was unclear in the review of their operations whether current ISB staff could meet the needs of the House's service plans. Some important questions also exist on the ability of the House to have a priority service arrangement to meet their special needs. In addition, many state legislatures providing or developing computerized information services for members and staff have had some serious concerns about privacy and security of legislative research.

The primary consideration however for the study team in reviewing computer resource acquisition is the incremental nature of the current development

approval. Included in that approach is a limited commitment to large scale computer decisions until the concept of automated legislative services has proven its value to the House's operations and procedures. Such an approach is best supported through the lease or purchase of small scale equipment as is outlined in option three. Once the service concept has been accepted and additional commitments have been evaluated and accepted, the House can review the option of use of a large scale facility.

## COORDINATION

An important consideration in selecting from among the options is the issue of coordination. Three of the four options available require that the project team and Policy Committee exercise coordination of the project activities with the various agencies of the legislature. Those agencies include not only the specific legislative staffs and committees involved in the implementation of the service enhancements and the service users, but also other legislative agencies such as the caucus staffs and support units of the House whose daily operations could be affected by the project effort. In addition to monitoring the impact on these areas the coordination focus should be present in order to provide a forum for receiving any input that would be useful in future service improvements. Coordination of the implementation process would maximize identification and preliminary assessment of need or opportunity for improvements in those other areas of the legislature. The initial service selections for conceptual design are fiscal in their orientation but other legislative functions may be discovered as candidates for enhancement during the process of installing the fiscal functions. The Policy Committee should be sensitive to such potentialities and be prepared to transmit recommendations to the leadership whenever desirable opportunities become known. } future

The long-range planning process should include examination of not only the services remaining from the initial survey but also any which occur. The presence of a formal coordinating effort will capture the changing needs of the legislative process in the future. ✓

The coordination effort should be particularly sensitive to the availability of services and equipment within the ISB. It may be possible to utilize those resources in part or in total in the implementation of specific service enhancements. An additional coordination issue is the status and future development of services within the Revisor's office. At such times as the Revisor evaluates his service activities and examines development options such review ought to be within the context of all House services. It may be possible that automated functions of the Revisor's office could be integrated within the overall House network. ✓

The Revisor has had his automated support reviewed by an outside consulting firm and has made decisions regarding the documentation, maintenance and upgrading of all the Bill Drafting System currently operating on ISB. This system has several terminals in staff and members areas.

As the House begins an information system development program there are several issues which should be addressed regarding the potential for interfacing the Revisor's system to the House information network.



These are described below:

- In the near term, the ISB computer which supports the Revisor's system should be a part of the House network. This will allow retrieval from that system using approved microprocessor terminals in the network.
- The current terminals in the Revisor's system will probably be replaced. Consideration should be given to the selection of replacement terminals which will be most compatible to the House network.

The recommended microprocessors in the network will be able to perform other functions as well as retrieving and displaying information. They will be capable of word processing, and the administrative functions described in the Appendix. They cannot, however, control a telephone network as that requires specialized interconnect equipment (see Appendix).

## RECOMMENDATIONS

The study team has organized the recommendation into three basic sections:

- What is the recommended course of action
- Why is this the recommendation
- An action plan for how to proceed

The recommendations were developed after a thorough review of all the study materials. Of particular importance were the needs of the House members and staff for improved information services. These needs are documented and reviewed in the two volumes which accompany this final report. The capabilities of the House to absorb and use the proposed service, the availability of information and the potential for reconciling and verifying that information were reviewed. A final consideration which played a role in these recommendations was the trends in the Minnesota legislature toward use of computerized services and the level of commitment to continued investigation and development of such services.

### Recommended Course of Action

- ✓ 1. Implement option 3 - incremental computerization as the basic service approach. The option should be implemented at a prototype level using one or two stand alone units during development. The staff required for development and provision of the service should be hired and committed to the project.
2. The Director of House Research should be made responsible to the Task Force or Policy Committee for hiring, orienting and administering the initial portions of the effort. In performing these duties he should coordinate his efforts with other directors of House agencies.
3. The three services for which conceptual designs have been completed should be adopted for development. The Revenue service and budget history services should be addressed first, with Expenditure Tracking being held until the first two are in testing.
4. Select two high priority services needing no design and implement them at the same time. Word processing and payroll/personnel are probably the best candidates for initial consideration.
5. Begin coordination of the service concept with other House staff agencies. The coordination represents a serious commitment on the part of House leadership to the control and management of all future information services efforts.
6. Begin implementing the recommendations and the action plan below as soon as practicable after adjournment of the 1981 regular session. If such timely action is not practical do not schedule any full operational services until the 1983 regular session. Some services should however be available on a test basis during the 1982 regular session.

## Reasons for the Recommendations

The study team has attempted during its work to determine the potential for proliferation of automated services within the Minnesota House. In addition, computerized support services were carefully investigated.

Both issues relate to the information service activities that can be expected to develop in the House over the next several years. The study team found that the interest in computer usage was there. The Revisor's office, House Research, the Clerk's office and several partisan staff groups have studied, discussed, or implemented some uses of computers.

As the cost of computers continues to come down, groups within the legislative community will purchase equipment for their particular applications. Small computer operations for text processing, administrative support, research models, library functions, revenue tracking and several others will quickly spring up. With \$20,000 - \$50,000 and a little ingenuity any legislative group can get into some fairly powerful computer devices. Text processing will provide the justification in many instances.

Proliferation of such devices poses no threat to the legislature and will in fact noticeably enhance the efficiency of several operations. However, assistance, compatibility, and more generally useful application have the potential of significant benefits to the legislature in the future.

The option selected in the recommendations above, anticipates the growth in use of stand alone microcomputers and sets that growth in a context of controlled development. The development occurs within a set of reasonable guidelines and uses a small group of professionals. The professionals are trained and experienced in the types of devices which can be expected to naturally proliferate. Such an action has two major benefits. It provides a well trained professional team to assist all users of these types of devices instead of several part-time or partially trained individuals. It also insures that all development of services on these devices will be compatible and available to all.

In addition, the strategy of incrementally building a network of micro-processor units allows for inexpensive verification of the utility of computers in the Legislative environment. Should larger requirements arise, not possible on units of this size, a larger device can be inserted in the network.

## How to Proceed - An Action Plan

1. Review and approve the recommendation in Chapter VIII.
2. Appoint the Policy Committee.
3. Designate the Director of House Research to hire, orient, and administer the staff. The Director will report back for the Policy Committee on a regular basis and will present the final candidates for service coordinator to the committee.
4. Conduct a staff search for immediate hiring of the service coordinator and the two programmer/analysts.



5. The service team should undergo orientation in the legislative process and they should familiarize themselves with the information processes of the House by verifying and further investigating the design services included in Volume II of this study.
6. Final selection of design and non-design services for development.
7. Complete detailed service designs including data base and programming specifications.
8. Contact equipment vendors for presentations and proposals.
9. Review packaged programs for non-design services.
10. Review the need for outside consulting support and decide the appropriate mix of in-house and consultant activities.
11. Order and install equipment.
12. Begin development of services.

## APPENDIX

This appendix contains descriptions of service areas for the House which have been determined to be of high interest but do not require a detailed conceptual design. In each service area a wide variety of packages with different operating characteristics are available. Some of these and possible vendors are indicated in the descriptions.

In most instances vendors will supply the operating characteristics of their product upon request. In order to select a product which will meet your needs, the appropriate user agency should evaluate and describe its operational needs. Compare the operational needs of the user with the operational characteristics supplied by the vendors.

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## WORD PROCESSING

### Description

Word Processing is a method of processing information through the use of computer based text manipulating and editing systems using existing employees with a minimum of additional training, and standardized procedures.

Word processing systems range from "Intelligent Typewriters" to more sophisticated "Blind Word Processors" through the "Video Word Processors". Prices range from \$5,000 to over \$60,000 depending on the size of the text data base, speed, and amount of revision requirements.

### System Configuration

The general configuration of a word processing system is a keyboard, video or printing display, storage method, auxiliary printer for video systems or high speed printing, and computer software to make the system operate. The keyboard is usually similar to a standard electric typewriter with the addition of special word processing keys.

Storage consists of at least an internal memory and may also include magnetic tapes or cards, floppy disks, or hard disks. Relative capacities of these storage media are: mag card: 1-2 pages; cassette: 40-80 pages; floppy disk: 50-500 pages; and hard disk 1,000-10,000 pages. An Auxiliary printer prints "letter quality" documents at a speed of 40-60 characters per second (CPS).

Display/Revision choices are few.

"Blind": Text is required to be printed in order to make revisions. This method is now considered to be costly and inefficient.

"Single Line Window": Text is displayed in a single line window and may be moved backward or forward using keyboard controls. "Full Screen or Half Screen Cathode Ray Tube": (CRT): Text is displayed on a TV like tube.

### System Types

Stand Alone Systems - are comprised of keyboard, output device (printer) and logic unit which are all self contained and which may or may not be integrated into a single box.

Shared Logic Systems - are comprised of multiple keyboards and output devices which run concurrently under the command of a central processing unit (CPU).

Communications - can be of great value to large or multiple location centers. Both inner-system communications (i.e. one central processing unit working with several satellite units) and remote communications



(i.e. the incorporation of telephone dial up equipment linking to word processors) are currently available technology.

### Standard Features

Standard features on most word processing systems will include at least most of the following: auto centering, auto format control, auto hyphenation, auto indent, auto page numbering, auto right justification, auto underscore, continuous typing (no "return" necessary, movement of words, phrases and paragraphs, global search/replace, overstriking, super/sub scripts, bold print, merging of selected paragraphs or mailing list information with text, footnotes, automatic headers/footers, suppressed password with sign on, foreground/background capability, boilerplate, simple mathematics capabilities.

### Evaluation of Systems

Some important factors to consider when choosing a Word Processing system include: cost, system support, service and repairs, training and retraining when system is upgraded, system expandability, ease of operation, media costs backup, text loss recover, upgradeability, multiple "letter quality" duplicates, and reputation of the manufacturer.

### Feasibility Study

A systematic feasibility study prior to the lease or purchase of word processing is strongly recommended. Such a study might be performed by an in-house research team, vendor representative or independent consultant.

**In-House Research Team:** A number of companies have found that while an in-house research team could gather the necessary data, they could not analyze the information and conceptualize a system based upon their findings.

**Equipment Vendor Representative:** Vendors will perform this service - usually at no cost - but might be predisposed in favor of their own equipment.

**Independent Consultant:** Probably the best alternative, the independent consultant will most likely be more expensive at the outset but frequently turns out to be the most cost effective in the long run. The consultant can provide an objective in-depth study based upon information gathered and on his or her own experience.

Prefaced by a thorough study, a word processing system can meet the demand of the information explosion by providing management with immediate access to data; produce higher quality work; decrease costs; increase volume of work and increase employee potential.

### Cost

Most vendors offer several options for obtaining word processing equipment i.e. outright purchase, lease with option or rental. For example: The system you desire will cost \$110,935 for nine units with full page display to purchase outright. If you chose to lease instead of purchase, the

same equipment could be leased for \$6,375 per month for 24 months. The purchase option at the end of the contract would be perhaps \$11,093 (10% of amount of purchase). A 36 month lease payment might be \$4,950 per month with the same 10% purchase option applying. For a 48 month lease, a monthly payment would be in the range of \$4,256 again with the same purchase option at the end of the contract.

Rental payment would probably not be much higher than lease payments but the user would not have the purchase option at the end of the rental period. Maintenance contracts are included with lease or purchase programs but not usually for rental programs, however, they are available.

#### Comparative Cost Table

Smart Typewriters:	\$5,000 or less for basic system
Vendor Examples :	QYX, IBM, OLIVETTI, SAVIN, LANIER
Blind Word Processors :	\$5,000 to \$10,000
Vendor Examples :	QYX, IBM, REDACTON, AB DICK, XEROX, OLIVETTI, LANIER
Video Word Processors :	\$8,000 Plus
Vendor Examples :	AM JACQUARD, DIGITAL EQUIPMENT CORPORATION, IBM, LANIER, LEXITRON, MICOM, WANG, XEROX

## AUTOMATED TELEPHONE SYSTEM

### Description

A private telephone system is made up of Bell-like equipment installed and maintained by a company other than Bell. These systems provide the benefits of computer based technology incorporated in a multitude of optional features which permit the user expanded flexibility and service. Users of private systems have the ability to better control their communications environment by "programming" their system as change demands.

The greatest advantage are in the areas of flexibility and cost. Upon obtaining a private system the user pays only for the use of the outside lines. Because the system is run by easily modified software, the expense of adding lines or changing numbers is eliminated by a simple adjustment on the programmer's panel. The system is easily transported and does not require the use of bulky cabling which is one of the major expenses in a Bell system. These advantages are especially helpful when an organization's telephone overhead is increasing steadily and when the organization finds itself continually moving to new quarters or expanding. The user of an interconnect system will also find that an interconnect company usually offers a greater variety of terminal equipment with an increased number of features and options. These features and options can be added or deleted with a minor program change to meet the changing needs of the organization.

In general the manufacturers of telephone equipment are precise in the quality and capitalization of the companies that install their products. Insofar as these systems are modular in construction they are easily repaired and maintained. Most interconnect companies offer excellent service with two-four hour response times on trouble calls, there are nearly 400 manufacturers, suppliers, and installers in a national trade association called the North American Telephone Association (NATA) which represents its clients in legal, legislative, technical and promotional matters.

### Program Capability

#### Abbreviated Dialing:

Frequently dialed telephone numbers may be programmed for speed dialing using an abbreviated set of digits.

#### Attendant Recall:

The system will alert the attendant to reconnect a call that was previously placed on hold and to calls where the station number is still ringing. This feature will eliminate the possibility of inadvertently leaving calls on hold for an extended period of time.



Call Queing:	This feature will enable the user to receive a ring back, signaling that the previously dialed busy number is now free -- eliminating repeated redialing.
Call Forwarding:	Calls may be answered by an employee when a station is left unattended by having the system forward the call to a designated alternate station. In other words the system has the ability to "follow" the employee from station to station.
Direct-In Lines:	Lines can be designated to bypass the main console when it is not necessary for the console attendant to answer calls.
Attendant Console Displays:	This device relays important information to the attendant. Lamps indicate the origin of the call, helping the attendant to decipher the priorities of incoming calls.
Nite Answering:	When a console attendant is not present, a tone will signal incoming calls allowing others to answer from any station.

Those features are just a small sample of the kinds of options available in interconnect systems. The incorporation of features is really dependant on the needs and flexibility requirements of the organization.

**Vendor Availability:**

Norstan Communications Systems  
 Telesystems of Minnesota  
 EDC Telecommunications  
 Collins Communications Systems  
 Axman Surplus  
 Communication Technology, Inc.  
 Tel Products, Inc.  
 Warmington, Woodcock and Williams, Inc.  
 RCA Telephone Systems  
 Communications Dynamics  
 Interwest Communications  
 ROLM

**Estimated Cost**

Assuming 100 stations, 20 trunk lines and standard features -- a system would cost anywhere from \$50,000 to 90,000. The range of costs depends on the selection of additional options, most interconnect companies offer multi-year lease/purchase arrangements and liberal up-grade buy back options.

## GENERAL LEDGER

### Description

This portion of the administrative support system will provide for the base accounting capabilities allowing management and staff to track previously set up general ledger accounts. Accounts to the object code level if required can be set up at the discretion of management to accurately account for each area of expenditure/encumbrance.

### Program Capability

The system is envisioned as a single transaction multi-posting system. In other words, by inputting one transaction to the system, it will automatically post to several general ledger accounts based on guidelines set up when the system is in its formulation period. This allows for multiple posting and simultaneous tracking and balancing of journal entries while providing a minimum of input.

Using the system, budget tracking, appropriations analysis, encumbrance and expenditure reporting would be available.

#### Operating Characteristics:

May the chart of accounts and posting procedures be set up by house staff?  
Will there be sufficient controls to check and balance the system?

Is the system easy to use for non-technical people?

#### Software Flexibility:

Can the account structure and posting procedures be changed by non-technical people?

If only the vendor of the software can change it, then obtain costs for modifications including personnel rates, travel, etc.

Can non-standard reports be generated on an ad-hoc basis by the house financial staff?

#### Hardware:

This type of system may be run on micro or mini computers such as are described in the body of this report.

#### Options:

Options with this type of software system include report generators, menu driven access, multiple sets of financial files for different functional areas, cost center type accounting, automatic interface with accounts payable, inventory, and payroll.

Vendor Availability:

There are a large number of vendors offering one or more of these functions as "packaged software". This type of software comes with installation, training, and appropriate user documentation and manuals.

The size of companies offering these products range from large to extremely small. Care should be taken that the vendor selected is well established and reputable when choosing a vendor for these functions.



## ACCOUNTS PAYABLE

### Descriptions

The accounts payable portion of the administrative support system will work with the general ledger supporting payable accounts. It should provide for reporting the payables due, posting or journal entry creation for the general ledger system, writing checks to vendors, calculating discounts, and printing needed registers. A description of the evaluation considerations for this type of system is given below:

### Program Capabilities

**Operating Characteristics:** The system should generate journal entries for the general ledger system.

New payable accounts should be able to be added easily by the House staff.

The system should be able to print checks to vendors.

The system should be easy to use for non-technical people.

**Software Flexibility:** If changes must be made by the supplier of the software costs should be ascertained.

Ad-Hoc reporting should be provided.

The user should be able to add new vendors easily.

**Hardware:** The micro and mini computer systems described in this report will be sufficient to run this type of system.

**Options:** Direct interface to the general ledger and inventory control functions.

**Vendor Availability:** Refer to this section in General Ledger description.

## INVENTORY CONTROL

### Description

The inventory control function will permit financial management of inventories of stores and supplies. In addition, it will allow reporting of low stock conditions for re-ordering, current prices, suggested suppliers, and reporting suggested re-order quantities. A description of evaluation considerations is given below:

### Program Capability

#### Operating Characteristics:

The system should allow the addition of new supply items, their vendors, and order quantities easily by House staff.

It should be easy to input transactions and retrieve reports for the users.

#### Software Flexibility:

If changes to the system must be made by the supplier, determine the costs of modifications.

Should be able to calculate suggested reorder quantities.

Should be able to generate ad-hoc reports.

Additional items to the inventory should be made easily by the House staff.

#### Hardware:

The micro and mini computer systems described in this report will be able to support this kind of function.

#### Options:

More flexible report generation, and other more advance inventory statistical calculations are possible options.

#### Vendor Availability:

Refer to this section in General Ledger description.

If the vendor is the only one to effect software modifications, determine cost parameters (i.e., hourly, travel time, weekend time, etc.), and procedures for specifying, effecting, and testing modifications. Also inquire of the vendor as to whether modifications would be made at your computer site, or done elsewhere and sent to you.

Other areas of software flexibility concerning such on-going operations as--updating tax-tables, regular vendor provided system updates and modification regarding any payroll forms changes, should be thoroughly discussed and understood.

#### Hardware:

This area is often the most perplexing to the prospective user. Initially certain conceptual decisions would have to be made concerning the use of large, mini or micro computer hardware. These are of course dependant on your current and future needs and organizational support structure.

Currently micro computers offer very powerful support for small to medium sized organizations and require little or no special environmental conditions.

In the area of payroll systems micro's can typically handle up to 300 employees.

Above 300 employees the user must either expand the micro's storage capabilities or upgrade to a mini or larger computer.

#### Options:

Since each user of a payroll has certain particular needs, these needs should be listed and compared against any options available from a vendor. Options such as support of multiple data entry stations (for large employee data bases), immediate inquire/response capabilities, the ability for user defined and generated special reports without the aid of a programmer, handling payroll advances, multiple/complex deductions etc.-- should be carefully evaluated before selecting a system.



## PAYROLL

### Description

Payroll systems exist in several varieties each providing different levels of support. When selecting a payroll system—options, operating characteristics, software flexibility, and hardware requirements must be considered. Most systems, in addition to producing checks, supply basic reports for the user organization as well as state and federal offices, but are limited in providing management with good overview reports. Therefore when researching payroll systems be sure to "look at" how it supports your management needs as well.

Users of "packaged" payroll systems usually have to adjust, to some degree, their internal operations and/or reporting requirements. In order to limit these changes it is most important that proper analysis of your needs and how a proposed system may or may not meet them be performed. The following are the kinds of questions and concerns which a prospective payroll system user should consider.

### Program Capability

#### Operating Characteristics:

Does the system require specialized technical personnel to operate and/or maintain?

Will the system provide controls to assist in both processing and maintenance of payroll information?

Typical control techniques would include pre/post balancing reports, complete transaction audit trails, back-up of all files and easily understood exception condition reporting.

#### Software Flexibility:

Upon acquiring a payroll package the user is pretty much "locked-in" to what the system supports at the conclusion of final installation. So before deciding on a package, take the time to understand both your current and, as best as possible, your future needs.

When evaluating your needs ask questions of the prospective vendors concerning not only what the system can do, but how are modifications made to the system. Can modifications be made by your staff? If so, does staff need special training? And if staff does make changes, is the software performance guarantee still in force? If staff can make changes, have the vendor provide examples using your areas of concern as criteria.

Problem: Unintended pregnancy ruins the lives of millions of teen-aged girls every year. Attempts to educate young people about how to prevent pregnancy is resisted by a very vocal and well organized segment of the population.

Strategy to help solve the problem: In 1978 I introduced legislation in the Minnesota Senate which appropriated 1.3 million dollars for family planning services to be offered throughout the state. The bill provided for local public health units to coordinate services of trained people, and it mandated local input. My intention was to make young people aware of the consequences of sexual activity and to offer them alternatives. If they chose to be sexually active I hoped to educate them on how to prevent pregnancy. I included strict provisions about confidentiality.

This legislation was strongly opposed by a group which included several legislators and which was called the "Pro-life, pro-family, pro-decency caucus." I met with members of the group two or three times and for this assignment I will attempt to reconstruct one conversation and what I was feeling at the time.

Thoughts

If only you knew how many daughters of members of your group have had an abortion - scared and alone - because they didn't think that getting pregnant could happen to them.

You are so concerned about teenagers being educated about their sexuality. How do you feel about 15, 16 and 17 year olds raising children to responsible adulthood? Do you think society has a responsibility for these children? And what do you feel about the responsibility of the fathers? Should they discontinue their education to support a family because of their sexuality?

How many members of your group talk to their daughters and sons about their sexuality, concern for a partner, or what true love really is? How many know?

You're so smug in your own cocoon trying to impose your standards on the rest of the world!

Dialogue

~~Mrs. Bates, speaking on behalf of the Pro-life, pro-family, pro-decency caucus,~~  
Your legislation is designed to teach our children how to engage in sex! You want to sully their young minds with dirty thoughts!

~~EAS:~~ On the contrary, Mrs. Bates, During the past year approximately 6,000 babies have been born to girls under the age of 18 in this state. Many of those girls knew too little to protect themselves from being exploited. If they had been able to learn how to avoid becoming pregnant I am sure many of them would have chosen to do so. My legislation is designed to give them information to help them avoid becoming pregnant. It is not an attempt to impose values, but rather to educate both boys and girls about what they need to know if they decide to become sexually active.

~~Mrs. B.:~~ By proposing to introduce them to the subject you are making them think about it. The only place young people should learn about sex is in their own homes from their parents. Our group plans to fight your legislation with every measure at our disposal.

~~EAS:~~ In an ideal world I agree with you,

If you were a bit more flexible and open minded we wouldn't be spending the huge amounts on such programs as AFDC. You and your group complain bitterly about welfare costs, yet you don't accept the relationship between welfare and children who have no possibility of supporting themselves having children.

I have yet to see one member of your organization show even the smallest trace of compassion for these girls. Punishment and retribution seems to be your agenda item. That, and making these girls suffer for their sin. Your attitude makes me boil with anger, but I am certainly not going to let you see it.

~~Mrs. Bates.~~ I would certainly prefer that children be educated about their sexuality by their parents. However, that is not happening. Polls show that very few parents are comfortable discussing sex with their children. In addition, many parents don't know about alternatives available for protection if their children should seek their advice. Professionals trained to recognize the fears and reticence of young people can help them to recognize their own values, and in many instances can encourage them to avoid situations which might lead them to an unwanted sexual encounter.

~~Mrs. B.:~~ This is one more example of government moving into an area which should remain within the family. It's one more instance of you liberals demonstrating your disregard for family values. I'm totally opposed to exposing the children of this state to a "how to" course in sex.

~~EAS:~~ It's obvious that our points of view differ. I am a strong supporter of family values, but I feel that the most realistic way to address our mutual concern over teen-aged pregnancy is to have accurate family planning information widely available for both boys and girls before they become sexually active.



HOUSE OF REPRESENTATIVES

DFL CAUCUS

State Office Building  
St. Paul, Minnesota  
55155

June 19, 1974

TO: DFL Candidates

FROM: Martin O. Sabo  
Speaker

Irvin N. Anderson  
Majority Leader

With the State Convention behind you and the election ahead of you, you are probably beginning to focus your attention on the campaign.

In our conversations with members of the DFL Caucus and DFL endorsed candidates about the campaign and the 1975-76 Session of the Legislature, we have become aware of common needs.

There is a need to identify issues and discuss possible approaches to dealing with them, and it is important to begin to discuss priorities for 1975-76.

Building a strong legislative program requires sharing ideas about our priorities for the next session. There are issues to which we should be directing our attention now so that we can offer practical solutions next session.

To aid in the identification and development of these issues, we have directed the Caucus Research Staff to arrange a meeting in your area so that we can get together to discuss these topics. We realize that each of us has a limited amount of time, but we also realize the importance of maintaining a DFL majority and presenting a progressive program for 1975-76. To make these meetings a success, we need your participation.

Attached you will find:

1. An agenda for the meeting in your area. The agenda indicates those from your area invited to participate. The meeting will be private and limited to the participants listed and two members of the Caucus Research Staff.
2. A questionnaire. To facilitate your thinking and provide a point of departure from which our discussions can begin, we have asked the staff to prepare a questionnaire. We request that you complete the questionnaire and submit it to Ed Dirkswager within the next week. We would like to supply you with a summary of the responses before our meeting takes place.

CAUCUS MEETINGS ON PRIORITIES/ISSUES

Date: July 17, 1974

Location: St. Paul\*

Participants: These are to be private Caucus meetings--limited to Caucus members and DFL endorsed candidates listed on the reverse side, as well as members of the Caucus Research Staff.

( O V E R )

AGENDA

6:00 PM	Dinner (Each participant will be asked to pay his or her own expenses for the meal.)
7:00 PM	Report on Questionnaire
7:15 PM	Small group discussions of priorities for 1975-76
8:30 PM	Small group discussions of Campaign Issues

\* The Caucus Staff will contact you to inform you of the location in St. Paul where the meeting will be held.

Jim Adams  
Tom Berg  
Linda Berglin  
Lyn Carlson  
Jim Casserly  
Joe Connors  
Neil Dieterich  
Stan Enebo  
Ray Faricy  
Stan Fudro  
Joan Growe  
Wally Hanson  
Tad Jude  
Joel Jacobs  
Phyllis Kahn  
Ray Kempe  
Frank Knoll  
Dick Kostohryz  
Paul McCarron  
Bob McEachern  
Don Moe  
Ken Nelson  
Fred Norton  
Dick Parish  
Ray Pavlak  
Jim Rice  
Roy Ryan  
John Salchert  
John Sarna  
Harry Sieben  
Mike Sieben  
Jim Swanson  
John Tomlinson  
Bruce Vento  
Gordy Voss

John Clawson  
Tom Mongan  
Jim White  
Shirley Hokanson  
John Carr  
Emily Staples  
Leo Adams  
Linda Scheid  
Bill Luther  
Steve Novak  
Howard Neison  
Maurice McCollar  
Michael George  
Opal Peterson  
Carl Kroening  
Arthur Reynolds  
Paul Johnson  
C. Thomas Osthoff  
Randy Kelly  
Donald Jorgenson

A

LEGAL HANDBOOK



Copyright, February, 1974. National Women's Political Caucus,  
1302-18th Street, N.W., Suite 703,  
Washington, D.C. 20036.

## LEGAL RESPONSIBILITIES OF CANDIDATES

The following checklist, neither exhaustive nor specific, is intended to alert you to a range of campaign activities that are sometimes governed by statute. In general, the Secretary of State's office will be able to inform you of candidates' legal and financial responsibilities. Beyond strict compliance, consider any efforts your campaign might make to be exemplary, especially in 1974, there is a decided tactical advantage to making an issue of open and honest government, beginning with campaigns and elections.

If you establish a committee of supporters to sign advertisements, for example, or delegate authority to a campaign manager or office volunteers, periodically review with them activities requiring statutory compliance. Ethically, politically, and almost always legally, you are responsible for actions taken on your behalf. In the heat of a campaign, these items may seem least pressing and drop from your scrutiny.

An attorney in your group of supporters, willing to do the necessary back-up work, is a great asset to any campaign. Law schools are one possible source for local legal assistance. A law student should never be solely entrusted with final decisions on legal matters but many are able and willing to assist an attorney in preparing and reviewing the legal aspect of the campaign.

### FILING

Determine state and local filing requirements from the Secretary of State, county or town clerk, including dates, petition signatures if required, certification and the like. Also, be thoroughly familiar with party regulations regarding endorsements and party nominations.

### CAMPAIGNING

Some localities have ordinances which govern campaigning in public places. A district or state's attorney's office can help.

### LITERATURE

Literature must be signed by someone--you, your campaign committee, your party. It is against the law to place literature in mailboxes. Instead, it must be attached to a door handle or in some other way left at the door. Handing it to the occupant is best of all.

## ADVERTISING

Some jurisdictions require that all purchased media time and space must be authorized by the candidate. Usually it is the media's responsibility to inform you of this, but it is wise for you to inquire of the media whether certification is necessary.

## MONEY

Some cities, more states, and the federal government have established spending limitations and are requiring disclosure of contributions and expenditures. Secretaries of state and county and town clerks are best able to explain the precise local requirements. Attached is a model disclosure form developed by Common Cause which you may want to use, even if it exceeds local statutory requirements.

## MEDIA/EQUAL TIME

See attached section on the media.

## LEGAL ASSISTANCE

The National Women's Political Caucus has formed a nation Legal Assistance Task Force of lawyers who are concerned about the problems of women candidates. If you have a specific legal problem which your own attorney (volunteer or paid) cannot solve, please contact the national office for referral.

## BROADCAST RIGHTS OF A POLITICAL CANDIDATE

Many of the legal questions you will be concerned with as a political candidate center around getting television or radio coverage of your campaign. The Federal Communications Commission is the federal agency which regulates the radio and television industry. Congress has provided as part of the Communications Act (Sec. 315) that competing political candidates are entitled to equal access to the airwaves. As part of its regulatory function, the FCC has promulgated rules which implement this equal time provision and which govern generally the way a local station must cover a political campaign. These rules, and procedure to enforce them, are outlined in a question-and-answer format below.

### The Candidate's Access To Air Time

1. What are your rights as a political candidate to use station broadcast facilities?

If you are a legally qualified candidate for public office, you have the right to buy or otherwise secure access to television or radio time on the same basis as other candidates for the same public office. This is called the "equal opportunities" or "equal time" rule; and it is set forth in Section 315 of the Federal Communications Act of 1934.

Under a 1972 amendment to the Communications Act, Sec. 312 (a)(7), the FCC may revoke a station license for "willful or repeated failure to allow reasonable access to or permit purchase of reasonable amounts of time for the use of a broadcasting station by an equally qualified candidate for Federal elective office on behalf of his candidacy."

2. Who is a "legally qualified" candidate?

Any person who has publically announced that he/she is a candidate for nomination by a convention of a political party or for nomination or election in a primary, special or general election and who meets the qualifications prescribed by applicable laws to hold the office for which he/she is a candidate, so that he/she may be voted for by the electorate directly or by means of delegates or electors. If you are running for President, slightly different rules apply: you are a legal candidate if, on or after a specific date, you or others have made an expenditure for the use of any communications medium on behalf of your candidacy for a presidential nomination.

3. What does "equal time" mean?

Equal time means that the station must make its facilities available to you on the same terms it made them available to your



opponent. For example, if the station gave your opponent free time, it must give you free time. If it sold your opponent prime time at a certain rate, it must sell you prime time, or time which is equally desirable, for the same price.

The station may not, however, give you time free of charge if it previously sold time to your opponent without affording your opponent the same opportunity. This would be making the station facilities available to you on a more-than-equal basis.

4. Under the equal time rule, if a station refuses to provide time to all other candidates for a particular office, can it also refuse to provide time to you?

Yes. Equal time means only that you are entitled to what the station has given your opponent. In certain circumstances (for example, in less important local campaigns) a station may be permitted to refuse to sell or donate time to any of the candidates who are running. This is true, however, only in a state or local election. Under recent amendments to the Communications Act, if you are running for a federal office (e.g., U.S. Senator, Congressperson), you are entitled to "reasonable access" to television or radio time, regardless of how the station has treated your opponent. (See questions 9 and 10 below.)

5. Do you have a right to equal time if another person, not the candidate himself, appears on behalf of your opponent?

No. Section 315 of the Communications Act gives you a right to respond only if your opponent himself has appeared or spoken.

6. If a candidate secures air time but does not discuss matters directly related to his candidacy, are you as his opponent entitled to equal time?

Yes. For example, if the Congressman against whom you are running gives a weekly report to his constituents via radio or television, then -- as soon as he becomes a candidate for reelection -- his program becomes a use of air time which entitles you to equal time to respond. Similarly, if a declared candidate appears briefly on a variety show, you are entitled to equal time on the basis of that appearance.

7. Are there any kinds of programs to which the equal time rules do not apply?

Yes. The equal time rules do not apply to: bona fide newscasts, bona fide news interviews, bona fide news documentaries, or on-the-spot news coverage of bona fide news events. This carves a major exception out of the rule. It means that if your opponent appears on a regularly scheduled news interview program, you are

not entitled to time to respond. Similarly, if you are running for mayor, and your local station covers a St. Patrick's Day parade at which the incumbent, a candidate for reelection, makes an appearance, you are not entitled to equal time if the station's coverage was part of a bona fide newscast or on-the-spot coverage of a bona fide news event. Nor are you entitled to equal time, if, for example, the station broadcasts the nominating acceptance speech of your opponent at a political convention, which is also considered on-the-spot coverage of a bona fide news event.

8. How can you assert your rights to equal time?

If your opponent has made an appearance which you think is covered by the rules, the first step is to contact the station manager and ask him for time to respond. This must be done within one week from the day on which your opponent appeared. Your request should be in writing and should include the name, date and time of the prior broadcast; a statement that you are an announced candidate for the same office; and a request for equal time.

If the station denies your request, you should then file a formal complaint with the Federal Communications Commission. The complaint should be in the form of a letter ( a copy should be sent to the station ) and should include the following:

- i. your name and address;
- ii. the call letters and location (city and state) of the station;
- iii. a detailed statement of the factual basis of your complaint, including but not necessarily limited to: the public office involved, the date and nature of the election to be held; whether you and your opponent(s) are legally qualified candidates for the office, the date(s) of prior appearances by opponents, the date on which you asked the station for equal opportunity to respond, and the station's stated reasons for refusing to grant your request.

Send this complaint to the following:

Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

--at the same time, send a copy to:

William Ray  
Chief, Complaints and Compliance  
Federal Communications Commission  
Washington, D.C. 20554

9. What are your rights to air time if you are a candidate for federal (as opposed to state or local) office?

If you are running for federal office (e.g., U.S. Senator, U.S. Representative), under recent amendments to the Communications Act you are entitled to "reasonable access" to station facilities. This means that regardless of what a station has made available to your opponent, you yourself have an independent legal right to appear on the air. The station must either sell you air time, or it must make reasonable amounts of time available to you free of charge.

10. How do you file a "reasonable access" complaint if you are a candidate for federal office and the station refuses either to sell or give you time?

Follow the same basic complaint procedures as you would for an equal time complaint (see question 8, above). Write a letter to the FCC which includes the following: your name and address; the call letters and location of the station; and a detailed statement of the facts involved in your complaint. The facts should include the federal office for which you are running; the date of the election; the fact that you are a legally qualified candidate for the office; the date on which you asked the station to sell you (or give you) time; and the station's reasons for refusing your request. Send the station a copy of your complaint.

11. Do the equal time and reasonable access rules apply to cable television as well as to regular broadcast stations?

Generally, yes. The equal time rules apply to cable systems as well as to broadcast stations. The reasonable access rule, however, does not apply to cable systems which lack appropriate facilities; for example, cable systems that provide only automated services rather than cable-casted programs.

12. Is there a limit on how much a station may charge a candidate for a political broadcast?

Yes. First, under the equal time rule a station may not charge a candidate more for air time than it has already charged the candidate's opponent. This means, for example, that if a station has made time available to your opponent free, it must make free time available to you also.

Moreover, a station is not permitted to charge any candidate more than it charges other advertisers, other than political candidates, for a comparable use of air time. For example, it cannot charge you more than it charges a commercial advertiser.

Recent changes in the law set forth a further requirement under certain specified conditions stations must charge candidates their very lowest unit rate. In fact, under the new law the station can't sell a candidate for federal office any time at all unless



the candidate certifies that the purchase will not exceed legal limits on his campaign expenditures. This same provision applies for non-federal candidates when the state has a comparable requirement.

12A. What is "lowest unit charge"?

"Lowest unit charge" is the lowest rate a station offers for the same class and amount of time for the same period. The term "class" refers to rate categories (e.g. fixed position spots, preemptible spots, run of schedule and special-rate packages); "amount of time" refers to the unit of time purchased (30 sec., 5 min., etc.); and "same period" refers to the period of the broadcast day (e.g. prime time, drive time, class A or class B or other classification established by the station).

12B. To whom does the "lowest unit charge" provision of the Communications Act apply?

Except for candidates for nomination by a convention or caucus of a political party held to nominate a candidate, the "lowest unit charge" applies to all "legally qualified" candidates within the specified time periods. The specified time periods are as follows:

1. during the 45 days preceding the date of a primary or a primary run-off election; and
2. during the 60 days preceding the date of a general or special election in which a person is a candidate.

13. Are you entitled to free public service announcements in support of your candidacy?

No. PSA's are spot announcements, broadcast in the public interest on non-controversial subjects. While they may be used to promote such things, as for example, the governmental policy of equal employment, they may not be used in support of a particular political candidate.

#### Fair Coverage of Campaign Issues

So far we have been dealing only with the candidate's personal right to air time. In addition, when a woman is running for office, women in the community also have the right to make sure that local stations cover her campaign fairly. The legal doctrine that is applied here is called the "fairness doctrine".

14. What is the fairness doctrine?

The fairness doctrine is a Federal Communications Commission rule requiring basically two things: one, that radio and television stations must cover controversial issues of public importance; and, two, that in doing so the station must present significant contrasting views on the issue (not just the side in which station personnel happen to believe).



As applied to political campaigns, the fairness doctrine means that stations must cover key campaign issues and must do so by presenting the points of view expressed by all legally qualified candidates for the same office. For example, if a woman candidate is strongly urging ratification of the Equal Rights Amendment, the station must devote some time to the ERA issue. Moreover, it must give time (although not necessarily equal time) to the pro-ERA as well as the anti-ERA point of view. Since the woman candidate is vocal on the subject, the station may choose to present the pro-ERA side by interviewing her, or by covering her campaign speeches on the issue. Under some circumstances this could give rise to an equal time or equal opportunities claim by her opponent.

15. How do women assert their rights as viewers to fair coverage of a campaign issue?

First, write to the station. State what the issue is, why you believe it is a controversial issue of public importance, and explain that it is a key issue in the campaign. Describe the station's coverage or lack of coverage. If the station is covering the issue, but in a biased way, identify the particular program or programs on which this occurred. (Give the name, date and time of the show(s)). If the station hasn't been covering the issue at all (for example, if it is ignoring the ERA question even though one candidate has made it a key campaign issue), point that fact out instead. Tell the station you think their treatment of the issue violates the fairness doctrine. Ask them to remedy the situation by presenting program(s) which do present the non-covered sides of the issue. The FCC does not require that significant contrasting viewpoints be covered in one program but only that a station's overall coverage of an issue of public importance be balanced.

If the station fails to take satisfactory action, you can take the next step -- filing a formal complaint with the FCC. To do this, send a copy of your correspondence with the station to the FCC along with a separate letter of complaint. Your complaint should include everything that was included in the original letter to the station, plus the station's name and location and the date and time of the broadcast(s). Your complaint should also contain a showing as to why the particular issue is one of public importance in your area.

16. Will the FCC act quickly on equal time, reasonable access or fairness complaints?

Not necessarily. The Commission does try to give priority to equal time complaints, but fairness complaints in particular may not be quickly resolved. For this reason it may be advisable for women's groups to try to negotiate directly with local stations for fair coverage of campaigns and campaign issues. Women can, for example, organize letter-writing campaigns asking a station to devote more time to a particular race or particular campaign issue.

(Copies of these letters should always be sent to the FCC). Women can meet with station personnel, either to complain about station coverage or to suggest ways coverage might be improved. If you are deeply dissatisfied with the station's coverage, you may also wish to consider filing a legal action, asking the FCC to deny the station's license when it comes up for renewal. Even if you ultimately do not file such an action the threat of a license challenge will certainly give you leverage in negotiating with the station for greater coverage of a campaign.

#### Other Legal Rights: Attacks On A Candidate's Character

17. What can you do if you are running for office and your opponent attacks your character?

Not much. The law holds that once you have put yourself forward as a candidate for public office, you are more or less fair game for whatever others may wish to say about you. Thus, if a newspaper publishes a defamatory statement about you, even if it is false, you cannot sue for libel unless you can prove the statement was made with "actual malice" -- i.e., with knowledge of its falsity or with reckless disregard of the truth. Few candidates will be able to meet this heavy burden of proof. N.Y. Times Co. v. Sullivan, 376 U.S. 254 (1964).

The same holds true under FCC rules as well. If a specific individual is attacked over the facilities of a station in the context of a discussion of a controversial issue of public importance, the person has a right of reply under the Commission's "personal attack" rules. The rule does not apply, however, to candidates for public office.

If you are personally attacked as a candidate on radio or television, however, you may be able to assert your rights under the fairness doctrine. Since your character and fitness for office is undoubtedly an issue in the campaign, you may argue that the station, having aired an attack, also has the duty to present the other side of the issue -- that is, to defend your character. Under this theory, although you as the candidate would not necessarily have a personal right of reply, you could perhaps compel the station to present material responding to the charges that were aired against you.

18. Where can you get advice concerning your legal rights as a political candidate?

For legal problems in your campaign-- contact the following:

National Women's Political Caucus  
Legal Task Force  
NWPC National Office  
1302 18th Street, N.W. #703  
Washington, D.C. 20036  
202-785-2911

NOW Task Force on the FCC  
1957 East 73rd Street  
Chicago, Ill. 60649

Office of Communication  
United Church of Christ  
289 Park Avenue South  
New York, New York 10010

Women's Legal Defense Fund  
Washington Area Women's Center  
1736 R Street, N.W.  
Washington, D.C. 20009

Center for Constitutional Rights  
853 Broadway  
New York, New York 10003

(See also the list of lawyers and legal groups in Ross, Susan C.:  
The Rights of Women, an ACLU Handbook, Avon, 1973 -- \$1.25

SOURCES:

Ross, Susan C. The Rights of Women, An ACLU Handbook, chapter IV.  
Avon, 1973

"Use of Broadcast Facilities by Candidates for Public Office",  
Public Notice of August 7, 1970, 35 F.R. 13048 (available from  
the Federal Communications Commission)

"Use of Broadcast and Cablecast Facilities by Candidates for Public  
Office," Public Notice of March 16, 1972, 37 F.R. 5796 (available  
from the Federal Communications Commission)

"Applicability of the Fairness Doctrine in the Handling of Contro-  
versial Issues of Public Importance," Public Notice of July 1, 1964,  
29 F.R. 10415 (available from the Federal Communications Commission)

Citizens Communications  
Center  
1816 Jefferson Place  
Washington, D.C. 20036

Center for Law and Social  
Policy  
1600 20th Street, N.W.  
Washington, D.C.

Women's Rights Project  
American Civil Liberties  
Union  
22 East 40th Street  
New York, New York 10016

Women's Law Fund  
17210 Parkland Drive  
Shaker Heights, Ohio 44120



A NATIONAL ISSUES FORUM  
**ENERGY**  
AND THE WAY WE LIVE

**North Hennepin  
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Tuesday Evenings 7:30 p.m. April 1, 8, & 15, 1980

NORTH HENNEPIN COMMUNITY COLLEGE THEATER (F BUILDING)  
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Program Format: 7:30 Panel Discussion

8:45 Coffee Break

9:00 Audience Questions and Opinions

Fee: No Cost

April 1 ENERGY DECISIONS & TRADE-OFFS: Hydropower vs. Water Over the Dam  
How Hydropower compares to other energy sources, why Coon Rapids  
Dam was made into a park, & what issues are involved in restoring  
this dam as a power source.

Pat Arent, Moderator  
Patrick Downey, North Hennepin Community College, Sociology  
Ron Rich, Manager of Alternative Energy Development, Minnesota  
Energy Agency  
Roger Anderson, Civil Engineer  
Jim Dunlop, Public Affairs Manager, Hennepin County Parks

April 8 INTERNATIONAL POLITICS OF ENERGY: What Impact Do Other Nations  
Have on the United States and Vice-versa?  
The impact of energy shortage upon competition among nations,  
the role of energy in regard to world food supply, money systems,  
politics, & military affairs.

Pat Arent, Moderator  
Steven Roberts, North Hennepin Community College, Economics  
Leon Knight, North Hennepin Community College, English  
Martin Sampson, University of Minnesota, Political Science

April 15 OUR FUTURE: Values & Lifestyle Changes  
Social relationships and ethical values tied to our energy  
decisions, role of the individual and the group in shaping our  
future.

Pat Arent, Moderator  
John Robertson, North Hennepin Community College, Psychology  
Jean Swanson, North Hennepin Community College, Art  
Emily Staples, Minnesota State Senate Energy Committee

This is a program of the American Association of Community and Junior Colleges  
funded by the National Endowment for the Humanities, the U. S. Department of  
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and other private contributors.

For further information contact Carol McCormick, 425-4541, Ext. 264

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League of Women Voters of Brooklyn Park



MINNEAPOLIS

VIRGIL D. MOLINE, PRESIDENT  
JEROME FROEHLIG, SEC. TREAS.



CENTRAL LABOR UNION COUNCIL

312 CENTRAL AVENUE, ROOM 542, MINNEAPOLIS, MINN. 55414  
338-5325

M 21

July 16, 1976

Ms. Emily Anne Staples  
1640 Xanthus Lane  
Wayzata, Minnesota

Dear Ms. Staples:

I am pleased to inform you that you have received the endorsement of the Minneapolis AFL-CIO Central Labor Union Council's Committee on Political Education.

You are hereby entitled to use "Endorsed by AFL-CIO COPE" on your campaign literature, lawn signs, et cetera.

This endorsement is the only official endorsement that can be given by the AFL-CIO in this area. We hope that you will not confuse the union members by listing our endorsement with other endorsements of labor organizations which may, or may not, represent a segment of the AFL-CIO in this area. May I suggest that for other than volunteered campaign assistance, you use union services, such as for printed materials?

The Minneapolis Central Labor Union Council AFL-CIO will do everything within its power to assist you in a successful campaign.

Best of luck,

*Virgil D. Moline*

Virgil D. Moline  
President

VDM:j

opeiu #12 afl-cio

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"Energy conservation should be a prime concern of the 1977 legislature," commented Emily Staples, DFL-endorsed candidate for State Senate District 43.

"The energy crisis is by no means over."

For that reason, Staples feels that the lifespan of the Minnesota Energy Agency should be extended by the legislature next year. Under present law, the Agency will terminate next year.

"We need all the input on energy we can possibly obtain," Staples continued. "We need to educate ourselves on alternatives, and understand how we can most efficiently use energy sources at our disposal."

Staples favors the recent appropriation of \$100,000 for solar energy research and experimentation. "It doesn't go far enough, though, considering all the work to be done," commented Mrs. Staples.

Staples feels that the possibility of tax credits should be explored for experimentation with solar energy. "We need some incentives," the DFL endorsed candidate stated. "However, we would need good screening controls for applicants receiving the credit, so that the program would not be abused."

Staples also favors the recent grant given the Minnesota Finance Agency for "retrofitting." Six million dollars have been set aside for grants and loans to aid persons who want to increase the insulation of their homes and conserve energy. The Housing Authority and HRA are administering these loans.

The possibility of using solid waste as an energy source is another alternative that Emily Staples wants explored.

"There have been several experimental programs both in the United States and abroad that have proven quite successful," Staples explained. "In Switzerland, one company currently has 84 resource recovery incinerators in operation and 32 plants under construction."

In St. Louis, mixed residential and commercial refuse is utilized as a supplemental fuel at one of the plants of the local electric company. The City of St. Louis has the operation responsibility for the waste processing facilities, and the electric company has the operation responsibility for the fuel-firing facility. Based on its experience with refuse at this plant, the electric company is now planning to spend \$70 million to enable it to use solid waste as a supplemental fuel at their other generating plants.

"Of course, we must make sure that appropriate pollution controls are included," commented Staples, a twenty-year Plymouth resident.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

APR 30 1977

RECEIVED

MAY 6 1977

Honorable Emily Staples  
State Representative  
23G Capitol Building  
Aurora Avenue  
St. Paul, Minnesota 55155

Dear Ms. Staples:

I am delighted that you will serve as a member of the Advisory Committee on National Health Insurance Issues. We are fortunate in having an advisory committee whose members represent a wide spectrum of opinion and bring to our deliberations a wealth of experience in dealing with the financing and delivery of health care services.

The first meeting of the committee, under the chairmanship of Hale Champion, Under Secretary of HEW, and Dr. Julius Richmond, Vice Chairman, will be held in Washington, D.C., on May 20-21. At that time, you will be sworn in as a special employee of the Department and will be briefed on the Department's work plan for developing a national health insurance proposal.

The Advisory Committee will have a critical role to play in helping shape the Administration's health insurance plan. We will rely upon you to make a major contribution in generating widespread debate over key issues and to bring to our attention the views of all segments of the American public. The President is committed to national health insurance, and your guidance will be important in assuring that the plan he proposes commands the support of a majority of the American people and their representatives in the Congress.



## Fair state employment?

THE STATE COUNCIL on the Economic Status of Women has issued a report which concludes that the state of Minnesota "actively discriminates against its women employees." Gov. Perpich, members of the Legislature, and government employees themselves should study the information collected by the council and then review their individual and collective responsibilities for making changes in an unjust system which too often channels women into low-paid jobs and keeps them there.

Among the findings of the council were these:

The average salary for a woman after 20 years of state service is the same as the average beginning salary for a male employee.

The highest beginning salary for clerical employees, who mostly are women, is 11 percent less than the lowest beginning salary for laborers, who mostly are men.

Women employed by the state work in 490 job classifications while men are employed in 1,107.

The average salary for the 16,644 male employees is \$13,670 while the average yearly salary for the 12,300 female employees is \$9,480 — a difference of \$4,190.

Executive orders and legislation aimed at eliminating discrimination in

state employment simply have not worked. It has been an axiom of equal employment and affirmative action programs that change will take place only when the chief executive officer — whether in business or government — makes a personal commitment to establish fair and equitable employment practices and then lets the managers and supervisors know that their own jobs will be evaluated on results of that effort.

As Gov. Perpich examines the antiquated management system which limits the human resources of state government, he may discover, as have many large businesses, that equal employment programs often result in improved overall management and productivity.

A good affirmative action program establishes systems for extensive employee recruiting, selection based on job-related skills and ability, training programs to aid those employees seeking upward mobility or lateral transfers, and experiments in innovative schemes such as flexible work schedules and increasing options for part-time jobs. It also must include goals for recognizing the consequences of past discrimination, including a review of the value of work which is generally sex-segregated.

It's not going to be an easy job, but it is both urgent and crucial to good government. The recommendations of the council's report are a blueprint for long overdue action.

The first meeting of the Committee will be devoted to a general orientation and a review of the major national health insurance plans that have been proposed in the last few years. There will be a staff overview of key issues and an examination of experience under the Canadian national health insurance system. This will be followed by presentations by advocates of the major national health insurance proposals, who will be invited to explain their plans to the Committee.

Following the initial meeting, members of the Advisory Committee will conduct field hearings in several parts of the country to examine special aspects of health care financing and delivery and to invite the expression of public views on key issues. The schedule and focus of these hearings, which are tentatively scheduled for June, July and September, will be discussed at the May 20-21 meeting.

The Committee is governed by the provisions of the Federal Advisory Committee Act. Members of the Committee will not be compensated for their time. However, travel or other appropriate expenses will be reimbursed at your request. All meetings of the Committee will be public.

I look forward to seeing you on May 20 and giving you a clear sense of my hopes for the work of this Committee.

Sincerely,

  
Joseph A. Califano, Jr.

Enclosure  
List of Committee Members

STATE OF MINNESOTA

DEPARTMENT of Revenue

## Office Memorandum

TO : RONNIE BROOKS  
Governor's Office

DATE: 9/29/77

FROM : DOROTHY A. McCLUNG  
Research Attorney

PHONE: 6-3410

SUBJECT: 1978 Legislation

We would like to add one proposal to our original package under the heading of "Housekeeping and Simplification."

Minnesota Statutes, Section 270.12, Subdivision 3, allows the Commissioner of Revenue, sitting as the State Board of Equalization, to adjust the mill rate of a taxing district which includes portions of two or more taxing authorities (for example, a school district which includes portions of two or more counties) based on the adjusted assessed sales ratios. The statute currently requires that if the State Board of Equalization is requested to take this action, it must give notice by September 15. We propose to amend this section to allow notice prior to October 15. By statute, the State Board of Equalization can take no action prior to August 15, so currently we only have 30 days to react to requests to review this situation.

Let me briefly illustrate by outlining our action this year. School District #728 includes portions of five counties. Each of these counties has a different adjusted assessed sales ratio. In other words, a \$100,000 home, if located in County A, would have a limited market value of \$56,000; in County B, a limited market value of \$63,000; up to a value of \$85,000 in County E. If the school district levy is 100 mills, the \$100,000 property in County A would contribute \$560 to the school budget while the identical property in County E would contribute \$850. Because County E has kept up a good assessment ratio, the property owners in that county contribute more to the school district budget. This section allows the Commissioner to equalize this tax burden.

This year at the hearing held September 15, several metropolitan counties asked that we look at the levies for the Metropolitan Transit Commission and other metropolitan-wide tax levies. We advised them that their request came too late for the Commissioner to act, but we would look at it for possible adjustment next year.

The legislature has mandated that the Commissioner take action if these inequalities exist. We request an additional 30 days each year to do our job thoroughly. There would be no revenue impact from this proposal.

DAM:dek

Ken G. Nelson

District 59B

Hennepin County

**Committees:**

Criminal Justice, Vice-Chairman

Education

Environment and Natural Resources



# Minnesota House of Representatives

Martin Olav Sabo, Speaker

October 27, 1977

Dear Friend:

On November 15, 1977, the Subcommittee on Juvenile Delinquency and Corrections will be holding a day long hearing on three bills that are before us regarding prostitution - H.F. 185, authored by Phyllis Kahn, H.F. 1022 and 1348, authored by myself. The bills are enclosed for your consideration. The meeting will commence at 10:00 A.M., in Room 22 of the State Office Building with an overview of the present Minnesota Statutes relating to prostitution provided for us by Jon Steinberg, Legislative Analyst. The rest of the morning will be given to author's testimony.

Starting at 1:00 P.M., you and others are invited to testify regarding any or all of the three bills. I would like your testimony to be as specific as possible. Written comments are encouraged. Please keep in mind that some of the major problems of dealing effectively with prostitution include problems of enforcement and prosecution (e.g. the lack of credible witnesses or admissible evidence). For instance, we need to look and speak specifically to legal and constitutional concerns that will help us design legislation to more ably prosecute pimps.

If you plan to testify, please call 296-7403 or 296-4276 so that we can special order your testimony during that afternoon.

The Subcommittee will not take final action upon these bills on that date, but hopefully this will be the final refining process enabling us to vote early in the session.

Please feel free to share the bills and this information with whomever you choose, inviting them to testify if they wish.

H.F. 1022 deals with "detrimental relations". Because amendments have been added in response to previous testimony and input, we are therefore sending you the "unofficial engrossment" which is the most updated version.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Ken Nelson".

KEN NELSON

State Representative



October 27, 1977  
page two

P.S. The Subcommittee will be hearing H.F. 390, introduced by Representative Mike Sieben, on November 16 at 2:00 P.M. in Room 51 of the State Office Building. H.F. 390 removes the juvenile court's exclusive jurisdiction over juvenile traffic offenders.

CC: Juvenile Delinquency and Corrections Subcommittee  
Members

TO : RONNIE BROOKS  
Legislative Coordinator  
Governor's Office

DATE: 8/31/77

FROM : DOROTHY A. McCLUNG  
Research Attorney

PHONE: 6-3410

SUBJECT: 1978 Legislative Program

In accordance with a memorandum from Terry Montgomery dated July 26, we are transmitting to you the Department of Revenue's legislative proposals for consideration in 1978. To facilitate your review of our proposals, I have broken them down into three general categories: (1) proposals to cure possible defects in 1977 legislation; (2) proposals to correct certain areas of our tax laws currently being litigated; and (3) general housekeeping legislation.

(1) PROPOSALS TO BE CURATIVE OF 1977 LEGISLATION

(a) The Tax Omnibus Bill, Chapter 423, Laws of 1977, amended the levy limit and local government aid provision of the tax statute. The Senate and House Tax Committees had differing proposals for abolishing certain special levies and allowing these amounts formerly subject to special levies to be folded into the levy limit base. The Tax Conference Committee finally determined that the administrative costs of welfare should no longer be a special levy, but be folded into the levy limit base. Because of a last minute drafting error, this provision was not included in the Omnibus Bill. Based on conversations with members of the Senate and House Tax Committees, the Commissioner has ruled that the Omnibus Bill intended that these administrative costs be folded into the base, and, therefore, for the 1977 levy, taxes payable in 1978, we are allowing the counties to make this change. We need some specific legislation to cover this area.

Presently, there is some confusion as to the status of volunteer fire department pension plans. We propose to amend the levy limit sections to provide a special levy for funding volunteer fire department pensions.

In a drafting error, the Tax Conference Committee Report failed to provide for distribution of local government aids to special taxing districts. On checking with the staff of the Senate and House Tax Committees, we have determined that it was the intent of the Conference Committee to provide aids to the special taxing districts. By administrative decision, we will be making distribution this year, but we need legislation to cure this defect.

Ronnie Brooks  
Page 2  
August 31, 1977

(b) In the Omnibus Tax Bill, the Legislature has now provided that an assessor shall not afford special homestead benefits to a person holding property under an unrecorded contract for deed unless a certificate of real estate value has been filed. Under the provisions of the Omnibus Tax Bill, if the special homestead treatment is denied and the property owner then comes in and files the certificate of real estate value, the county board can entertain an application for abatement, and it further provides that if the abatement is granted by the county board, the application shall be forwarded to the Commissioner for final approval. However, it is possible for a homeowner to file the circuit breaker benefit based on the increased tax on his property, get a larger circuit breaker benefit, and then, also, using the abatement process, getting a refund of his property taxes from the county. In order to prevent this duplication of benefits, we propose to amend the statutes to require that an applicant furnish his social security number on the application for abatement form. At the time it is reviewed by the Commissioner, we can use the social security number to check our computer to see if a circuit breaker form has been filed. We propose to amend the statute to avoid double benefits. If the circuit breaker benefit has been filed and processed, we would propose to allow the Commissioner to deny the application for abatement. If the circuit breaker benefit has not been processed, we can then punch the information into the computer, and if a circuit breaker claim is then filed after the application has been processed, we can deny the circuit breaker benefit. We further propose to amend the new law requiring the filing of the certificate of real estate value for unrecorded contracts for deed to provide that only contracts executed on or after January 1, 1975, must have a certificate of real estate value filed, since no use is contemplated of certificates covering contracts for deed executed prior to 1975.

(c) The Omnibus Tax Bill provides for the collection of taconite data by the Commissioner of Revenue. This portion of the Omnibus Bill contains a confidentiality section. We propose to amend this section to allow the Commissioner to release information to the county assessor, who will use the data to impose the \$10 per acre tax on taconite properties not currently being mined.

(d) The Omnibus Transportation Bill, the Omnibus Tax Bill, and special laws for Columbia Heights, provide for special levies. These special levies are not referenced in Chapter 275, the tax statute dealing with levies. We propose to reference these special levies into Chapter 275 to avoid future confusion.

(e) A new Tax Court Bill provides for a 60-day appeal period from an order of the Commissioner. Our income tax and sales tax statutes provide that payment is due 30 days from the date of an assessment or order. These two provisions are incompatible. We propose to amend the Tax Court Bill to allow a 30-day period of appeal.

(f) The low income credit provisions of the income tax act were amended by the Omnibus Tax Bill in an attempt to limit the amount of credit available to persons with large out-of-state losses. Because of other changes made by the Omnibus Bill to sections of the income tax act, the modification attempted by the Legislature does not completely cover the situation. We propose to amend the provision providing for the low income credit to clarify that out-of-state losses would not be used in determining income for the benefit of the low income credit.

(g) The Omnibus Bill attempts to tax income from all sources for resident individuals, estates and trusts. The income tax statutes do not now contain a definition of a resident estate or a resident trust. In order to clarify the law, we propose to define those terms.

(h) The provision in the Omnibus Bill restricting out-of-state losses will very definitely be an administrative problem for the Department. For example, a Minnesota resident invests in an oil well in Texas. For the first three years, the Texas oil well provides no income. Because of the provision in the Omnibus Bill, the Minnesota resident could not take his losses on that Texas oil well. In the fourth year, if the well begins producing and the Minnesota resident has income, he must include it on his Minnesota return, even though he could not take the losses for the three previous years. We would propose to amend this section to provide that gain from out-state properties be offset by losses from that property or venture for the preceding three taxable years. If the individual's gain in that fourth year exceeds his losses for the three previous years, he would have taxable income for Minnesota.

Along these same lines, we propose to amend the Minnesota tax on preference items to allow persons to allocate to Minnesota only those items of preference income which were subject to tax in Minnesota.

(i) Rules for use of the sales ratio study as evidence in tax cases were included in the Tax Court Bill (Chapter 307) and the Omnibus Bill (Chapter 423), but they are conflicting. The rules in Chapter 307 should be amended by incorporating the rules included in Chapter 423.



The Taconite Amendment does not restrict the amount of "in lieu" or production taxes. However, in 1975 when Section 298.243 was added, the legislature overlooked amending Section 298.25. This amendment could save the State a great deal of time and money.

(3) HOUSEKEEPING AND SIMPLIFICATION MEASURES

(a) By Executive Order, the Governor has transferred the responsibility for inspection of petroleum products and registration of dealers to the Department of Public Safety. We propose that references to these functions be removed from Chapter 296 and relocated in the statutes dealing with the Department of Public Service.

(b) Amend the income tax withholding statutes to require that employers file an application for a withholding account number prior to paying any wages in the State of Minnesota. The application must contain the name, address, and social security number of all owners or officers of the business or corporation. We have similar requirements of the sales tax statutes. If the business or corporation fails to file or pay the sales tax, we can then go against the officers of the company for the amount of the tax. We would like a similar provision in the withholding. Failure to file this application for a withholding account number would result in a \$100 civil penalty, which can be abated by the Commissioner in the case of small businesses which were not made aware of the requirement.

(c) Inheritance tax: Currently, Minnesota Statutes require that the Commissioner of Revenue issue his receipt for inheritance tax payments. These receipts were sent to the taxpayer, the probate court and the County Treasurer. The probate court no longer uses the receipt to verify payment of the tax. The taxpayer has his cancelled check to evidence payment. The County Treasurer no longer needs to check the receipts. Therefore, we propose to delete the requirement in the inheritance tax statute for the Commissioner to send out receipts for inheritance tax payments. The Commissioner does not send out receipts for any other tax payments. This proposal would save man hours and administrative costs.

At the present time, for the inheritance tax homestead exemption, nonprobate estates are allowed 120 acres to be exempt. In probate estates, the homestead requirement is still only 80 acres. We propose to make nonprobate and probate estates 120 acres for exemption purposes.

Ronnie Brooks  
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A couple of years ago, the inheritance tax statute was amended to provide for a six percent interest on certain refunds. At that time, the similar provisions in the gift tax statutes were overlooked. We would propose, at this time, to equalize the interest rate on those refunds.

Under the current gift tax statutes, the widower of a daughter receives a different treatment than the husband of a daughter. However, the widow of a son is treated the same as the wife of a son. The same inequality existed in the inheritance tax rates and exemptions, but they were equalized in 1976. We propose now to equalize the provisions in the gift tax statutes.

(d) Under federal law, wine with an alcoholic content of 14 percent or more is subject to a higher tax rate. Our higher tax rate for wine begins at over 14 percent. We would propose to change our definition to meet the federal for administrative purposes.

*See Bill*  
(e) Amend the state income and sales tax statutes imposing confidentiality to allow the Commissioner to provide information to municipalities of delinquencies by on-sale or off-sale liquor licensees to further provide that before a municipality can issue or renew a liquor license, all state and local taxes must be current. In the same areas of confidentiality, provide that assessors' field cards be classified as private, in other words, available only to the subject of the data.

(f) The Omnibus Tax Bill provided that the Commissioner may establish a standard deduction tax table incorporating the standard deduction and the personal and dependent credits. We now propose to amend the income tax statutes to provide that the Commissioner may establish a tax table for those persons who itemize their deductions and incorporate the personal and dependent credit into that table. This will simplify greatly the tax tables we can use for Minnesota residents.

(g) Amend the circuit breaker sections to provide that a permanently disabled person who dies prior to June 1 (which is the date for determining disability) will be considered disabled. Currently, the law provides that increased benefits are allowed if a person is disabled on June 1. If a person is disabled in February and dies prior to June 1, it is the position of the Department that he or she is not disabled on June 1. This is not consistent with our treatment of senior citizens. We propose to

change the law to provide additional benefits for persons disabled on or before June 1. This would allow a surviving spouse of a disabled person who dies prior to June 1 to be treated the same as the surviving spouse of a deceased senior citizen.

(h) Amend the income tax statutes to provide that the Commissioner may require a detailed schedule of how the taxpayer computes his federal adjusted gross or, in lieu of the detailed schedule, to submit a copy of the federal return. Currently our income tax computations begin with federal adjusted gross. In order to audit an individual return it is necessary to look at how the individual computed the federal adjusted gross to be sure that certain items are not deducted twice, for example.

(i) Amend the section of the income tax laws providing for a deduction for textbooks, to insure that expenses incurred for sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature will not be allowed as a deduction.

(j) Amend the income tax statutes to eliminate the provision that nonresidents and part-year residents can only file a joint return or completely separate returns, and allow them to file separately on a combined return. As a practical matter, if they file separately on a combined return, we are not administratively returning the form to the taxpayer for correction. The amount of tax owed would be the same whether completely separate returns are filed or whether they filed separately or on a combined return. Time would be saved, because only one return would have to be processed in place of two.

(k) Amend our income tax provision relating to charitable deductions to prohibit the allowance of a charitable deduction for contributions of property placed in trust which consist of a remainder interest or an income interest. This would bring our provision into conformity with the Internal Revenue Code. Only if the donor's entire interest is transferred is the donor allowed a deduction.

(l) Repeal the provision in the Minnesota income tax act allowing a deduction for alimony. As a result of updating the references to the Internal Revenue Code, it is no longer necessary to have this provision. The allowance of alimony is used to reduce gross income to arrive at federal adjusted gross income.

(m) Amend our provision relating to the farm loss carryover and carryforward to allow a seven year carryforward in conformance with the new federal provisions.



(j) Clarify an ambiguity concerning escalating of taconite aids to assure that the escalation clause applicable to homestead does not apply to distribution to Cook County arising from the taconite electric generating facility, but will remain at 3/4 cent per ton of ore mined.

(k) Recodify, without substantive change, the new assessment classification for resort property. (Laws 1977, Chapter 319)

(2) PROPOSALS TO CORRECT THOSE PROVISIONS OF THE MINNESOTA TAX LAWS CURRENTLY IN LITIGATION

(a) Amend the sales tax statute to specifically tax special tooling used by a Minnesota manufacturer and specially charged to the customer.

In two recent Tax Court cases, the Commissioner has been successful in imposing the sales tax on charges for special tooling. However, there are additional cases pending and we would like to amend the law to make it specific in this area and avoid endless litigation in this area.

(b) Amend Minnesota Statutes, Section 273.19, relating to the taxation of leasehold interests to specifically include the lessee's interest in a lease of U. S. Government property.

Under current law, most leasehold interests in otherwise exempt land are made expressly subject to taxation under Minnesota Statutes, Section 272.01, Subdivision 2, or Section 273.19, Subdivision 1. However, neither statute specifically includes nonbusiness related leasehold interests in land belonging to the United States. This proposal would close this loophole.

(c) Provide a definition of homestead property to exclude those portions of a multiuse structure not used exclusively for residential purposes.

The Omnibus Tax Bill reduced the assessment percentages for homestead properties. This change, along with a recent Tax Court decision, will make it necessary to define which portions of a multiuse structure qualify for the homestead benefits. Only that portion of a multiuse structure constituting the homestead of the owner should be eligible for these benefits.

(d) Amend the 1975 session laws to retroactively express the legislative intent that the production taxes imposed by Section 298.243 are in lieu taxes. This issue is being litigated at the present time by the mining companies, and the amount in issue is over \$30 million.



SHPO STANDING STRUCTURES SURVEY  
APRIL 1980

Field surveys complete; sites listed

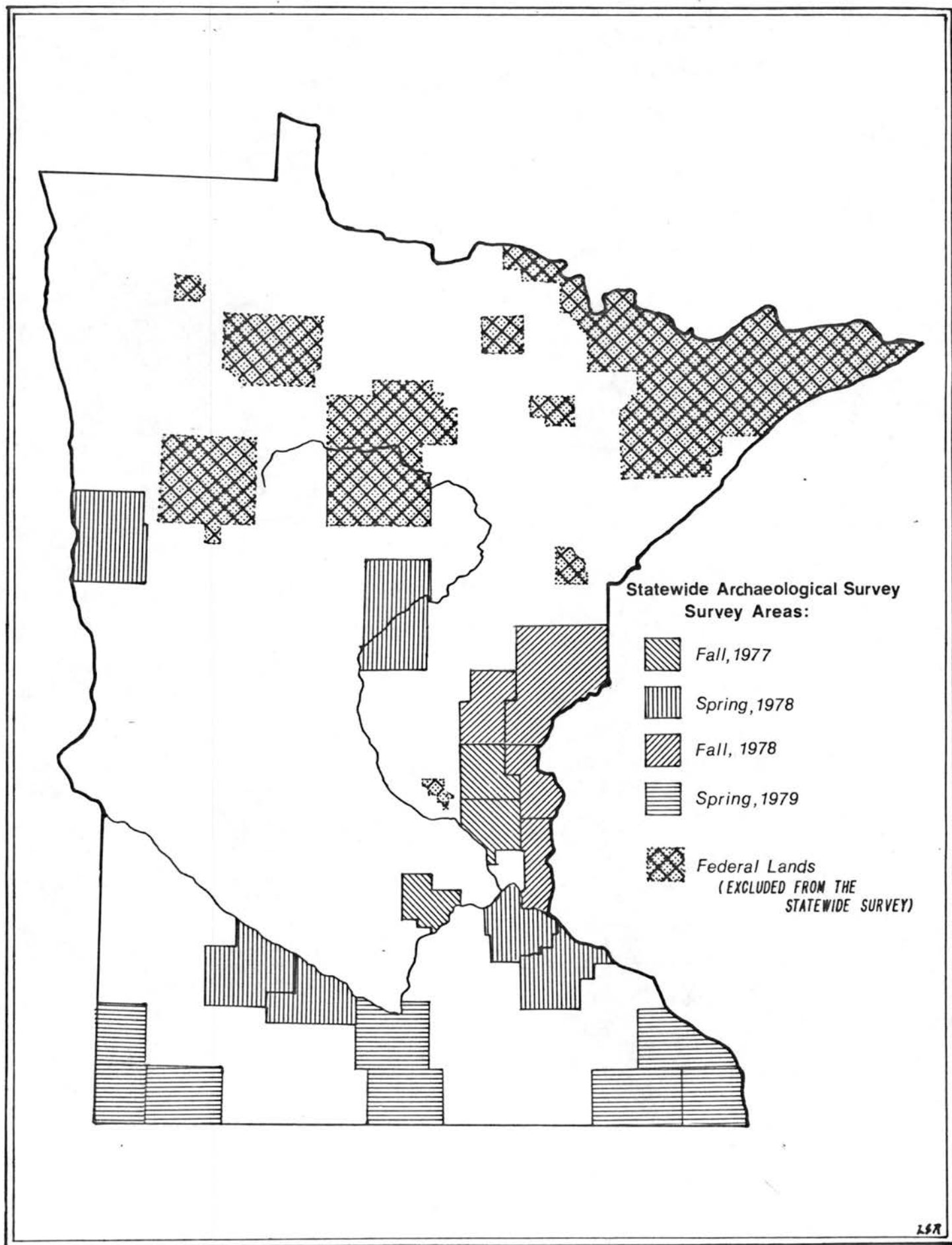
Anoka  
Brown  
Carver  
Dakota  
Goodhue  
Pipestone  
Rock  
Wright

Field surveys complete; nominations in process

Blue Earth	Lincoln
Cass	Nobles
Chisago	Olmsted
Clay	Pine
Crow Wing	Redwood
Faribault	Scott
Isanti	Wilkin
Kanabec	

Current surveys

Aitkin	Murray
Benton	Pope
Cottonwood	Rice
Fillmore	Stearns
Itasca	Stevens
Houston	Wabasha
Le Sueur	Washington
Lyon	Wabasha
McLeod	



SHPO meeting 6/24/80

Historic preservation vs. cultural preservation

Question of what value exists in the eye of the beholder.

"Local significance" as part of definition has broadened limits.  
50 yr. time requirement for example -

Charles Strief - would like to be surveying historic change rather than fixed in time. Pivotal nature of specific buildings or districts.

12,000 yr. record of history in Minnesota - 1100 AD. town where <sup>Peddling</sup> Industrial Park <sup>going</sup>  
History as a process - or as a product?

Down to reality - Fergus Falls (Carol)

Tax increment financing laws geared to demolition.

\* Need to educate consultants on value of adaptive use -

\* Need for a development plan prior to bringing developers in  
Chris - focus of preservation - the built environment - part of the development game. "Is there a plan for saving it?"

Problem of categorizing - The National Register - should be a tool. Intrusion of government -

Goals of downtown revitalization not counter to preservation  
Coalitions - recent strength - the neighborhood movement.

Incentives & disincentives at local and neighborhood levels. (state?)  
Work with NPA for example.

Need for leadership - ideally by city officials

\* Need for identification is absolutely paramount

Shifting focus for National Historic Register - is this coming?  
Limit number of sites - credibility - local classification.

\* Need for trained preservationists to work in small communities  
Local persons

Decentralize nominations to national register? - Dale Bumpers  
Question of publically owned historic structures

\* For local people to recognize significance there needs to be  
confirmation or laying on of hands by National Register

\* Preservation of archaeological sites

- I. IN 1977, THE LEGISLATURE APPROVED A 27 PER CENT INCREASE IN THE STATE HEALTH, WELFARE AND CORRECTIONS BUDGET.
  - A. PROVIDED FULL FUNDING TO COMMUNITY HEALTH SERVICES, COMMUNITY CORRECTIONS AND CATASTROPHIC HEALTH INSURANCE.
  - B. THAT BUDGET ALSO INSTITUTED COST-OF-LIVING INCREASES IN MOST PUBLIC ASSISTANCE PROGRAMS.
- II. 1977 ALSO SAW THE INITIATION OF A NUMBER OF INNOVATIVE HUMAN SERVICE PROGRAMS.
  - A. HEALTH SCREENING FOR PRE-SCHOOLERS.
  - B. CRIME VICTIMS CRISIS CENTERS.
  - C. PILOT EMERGENCY PROGRAM FOR VICTIMS OF DOMESTIC VIOLENCE.
  - D. GRANTS TO AID IN DEVELOPING ALTERNATIVES TO NURSING HOME CARE.
- III. THE 1978 MINNESOTA LEGISLATURE AGAIN CONTINUED ITS COMMITMENT BY EXPANDING INNOVATIVE HEALTH PROGRAMS AS HEALTH SCREENING AND IMMUNIZATION SERVICES.
  - A. IN ADDITION, WE INCREASED FUNDING FOR SERVICES TO THE HANDICAPPED, SENIOR CITIZENS.
  - B. WE PROVIDED NEW POWERS TO LOCAL GOVERNMENTS FOR REFINANCING LOCAL HEALTH FACILITIES AND NURSING HOMES.
- IV. POSSIBLE UPCOMING HEALTH ISSUES FOR THE 1979 LEGISLATURE.
  - A. REVIEW OF MINNESOTA'S CERTIFICATE OF NEED PROCEDURES.
    1. MANY LOCALLY-OWNED HOSPITALS AND NURSING HOMES WILL BE AFFECTED BY NEW DEVELOPMENTS IN THIS AREA.



PUBLIC ACCOUNTANT

TAX ACCOUNTANT

PAUL S. VOLSTAD

SUITE 235  
12805 HWY. 55  
PLYMOUTH, MINNESOTA 55441

553-1875

2. MANY MINNESOTA COMMUNITIES ARE CERTAIN TO CONSTRUCT NEW HEALTH FACILITIES, REMODEL OLD STRUCTURES TO REFLECT CHANGING LOCAL NEEDS.
  3. CERTIFICATE OF NEED LAWS MUST BE REVIEWED IN ORDER TO BE BROUGHT INTO COMPLIANCE WITH NEW FEDERAL GUIDELINES.
- B. THE 1979 LEGISLATURE WILL ALSO CONSIDER NEW RECOMMENDATIONS OF A SPECIAL COMMITTEE ON AMBULANCE LICENSING RULES AND REGULATIONS.
1. LAST YEAR THAT COMMITTEE INVESTIGATED MANY PROBLEMS IN OUR CURRENT AMBULANCE REGULATIONS.
    - A. LAWS HAVE DISCOURAGED COMPETITION IN AMBULANCE SERVICES, FOSTERING THE GROWTH OF MONOPOLIES.
      - 1 PARTICULARLY LAWS WHICH REQUIRED AMBULANCE SERVICES TO PROVIDE FOR THE "NEEDS AND NECESSITIES" OF CUSTOMERS.
    - B. STATE REGULATIONS HAVE ALSO FOSTERED THE ABUSE OF REIMBURSEMENT OF TRANSPORTATION OF WELFARE RECIPIENTS.
      - 1 SO-CALLED "TAXI-VAN" VEHICLES, DESIGNATED "NON-EMERGENCY VEHICLES," CAN OPERATE FREE OF RATE CONTROLS.
      - 2 AS A RESULT, WE HAVE SEEN WELFARE ABUSE BY OPERATORS, AS WELL AS HIGHER TRANSPORTATION COSTS FOR HANDICAPPED AND ELDERLY PERSONS WHO NEED SPECIAL TRANSPORTATION BUT DO NOT QUALIFY FOR REIMBURSEMENT.
  2. THE SPECIAL JOINT LEGISLATIVE COMMITTEE HAS ISSUED

ITS RECOMMENDATIONS TO REFORM AMBULANCE LICENSING LAWS.

- A. NEW LEGISLATION WOULD ABOLISH THE "NON-EMERGENCY" CLASSIFICATION AND ESTABLISH NEW CATEGORIES OF "LIFE-SUPPORT TRANSPORTATION SERVICES."
  - 1 NEW SERVICES WOULD OPEN UP NEW COMPETITION IN THE NON-EMERGENCY TRANSPORTATION FIELD.
- B. RECLASSIFIES EMERGENCY AMBULANCES AS "LIFE-SUPPORT TRANSPORTATION AMBULANCES," AND DEFINES SEVERAL NEW LEVELS OF LIFE SUPPORT TRANSPORTATION.
  - 1 BASIC LIFE SUPPORT SERVICES.
  - 2 ADVANCED LIFE SUPPORT SERVICES, TO REFLECT NEW DEVELOPMENTS IN MEDICAL TECHNOLOGIES.
  - 3 SEVERAL OTHERS.
- c. ENDS USE OF "PUBLIC CONVENIENCE AND NECESSITY" AS A CRITERION FOR JUDGING AMBULANCE LICENSE APPLICATIONS.
  - 1 EACH APPLICATION NOW INITIALLY REVIEWED BY LOCAL HSA.
- C. THE LEGISLATURE IS ALSO STUDYING SEVERAL RECOMMENDATIONS SUBMITTED BY THE DEPARTMENT OF PUBLIC WELFARE.
  - 1. EXPANDED FUNDS FOR LOCAL MENTAL HEALTH PROGRAMS.
  - 2. NEW FUNDS FOR COMMUNITY-BASED HEALTH PROGRAMS.
  - 3. FUNDING FOR COMMUNITY FACILITIES TO SUPPORT THE CHRONICALLY MENTALLY ILL OUTSIDE OF STATE HOSPITALS.
  - 4. COST CONTAINMENT IN THE MEDICAL ASSISTANCE AND GENERAL ASSISTANCE MEDICAL CARE PROGRAMS.
- D. STATE OFFICIALS HAVE ALSO RECOMMENDED AN EXAMINATION OF

THE USE OF BLOCK GRANTS, RATHER THAN CATEGORICAL FUNDING, FOR LOCAL SOCIAL SERVICE PROGRAMS.

1. UNDER BLOCK GRANTS STATE SOCIAL AND HEALTH SERVICE FUNDS WOULD BE FUNNELED DIRECTLY TO THE COUNTIES.
2. LOCAL OFFICIALS WOULD BE RESPONSIBLE FOR DISTRIBUTION OF THE "BLOCK GRANTS" UNDER AN INDIVIDUALIZED LOCAL HEALTH AND SOCIAL SERVICE PLAN.

E. A RECOMMENDATION SUBMITTED BY THE STATE DEPARTMENT OF HEALTH IS TERMED THE "RURAL HEALTH INITIATIVE."

1. ADDRESSES THE PAINFUL CHANGES WHICH MEDICAL SERVICES AND HEALTH CARE HAVE UNDERGONE IN RURAL AREAS.
  - A. IN MINNESOTA'S RURAL REGIONS THERE ARE TOO MANY HOSPITALS WITH EMPTY BEDS.
  - B. ESCALATING COSTS HAVE PLACED A SEVERE FINANCIAL STRAIN ON MANY LOCAL FACILITIES.
  - C. WE MAY INVESTIGATE IMPROVEMENTS IN TRANSPORTATION, OUTPATIENT FACILITIES, FINANCING AND OTHER AREAS TO HELP RURAL COMMUNITIES.

F. "HOSPICE CARE," TO HELP THE TERMINALLY ILL, MAY ALSO BE PROMOTED BY THE LEGISLATURE.

1. WOULD PERMIT A TERMINAL PATIENT TO SPEND THE REMAINING DAYS AT HOME WITH HIS OR HER FAMILY.
  - A. WE ARE CONSIDERING NEW INSURANCE COVERAGE TO PROVIDE REIMBURSEMENT FOR IN-HOME CARE OF THE



TERMINALLY ILL.

2. THE TERMINALLY ILL ARE OFTEN FORCED TO GRAVITATE TO HOSPITALS, EVEN THOUGH THEY MAY BE BETTER SERVED AT HOME.
  - A. CURRENT INSURANCE GUIDELINES CREATE INCENTIVES FOR PHYSICIANS TO KEEP PATIENTS IN INTENSIVE CARE WHO WOULD OTHERWISE NOT NEED THAT LEVEL OF SERVICE.
  - B. "HOSPICE CARE" WOULD MAKE THE REMAINING LIFE AS COMFORTABLE AND MEANINGFUL AS POSSIBLE.
    - 1 AN INNOVATIVE HEALTH CARE MEASURE TO PROVIDE QUALITY MEDICAL SERVICE ON THE LOCAL LEVEL.
- G. LEGISLATORS HAVE ALSO LOOKED INTO "CONGREGATE HOUSING" AS A NEW ALTERNATIVE TO NURSING HOME CARE.
  1. COMBINES SHELTER WITH MEALS, SOCIAL SERVICES AND HEALTH CARE SO THAT INDIVIDUALS WHO ARE IMPAIRED BUT NOT ILL CAN MAINTAIN GENERALLY INDEPENDENT LIFESTYLES.
    - A. PERHAPS MAINTAINED IN CLUSTERS OF APARTMENT HOUSE-TYPE UNITS IN A GENERAL LIVING COMMUNITY.
  2. EXPERTS ON THE NATIONAL AND LOCAL LEVELS: ESTIMATE THAT 30 TO 40 PER CENT OF THOSE IN NURSING HOMES DO NOT NEED THAT TYPE OF CARE, WITH ITS HIGH LEVEL OF EXPENSE.
    - A. THE AVERAGE ANNUAL COST TO THE FEDERAL GOVERNMENT OF CARING FOR A NURSING HOME PATIENT IS \$5500; IN MINNESOTA THE STATE PAYS ABOUT \$3700 PER PATIENT AND THE COUNTIES PICK UP THE REST.

- B. IN MARYLAND, HOWEVER, WHERE CONGREGATE HOUSING IS ALREADY BEING UTILIZED, OFFICIALS REPORT A COST SAVINGS OF \$4000 TO \$5000 PER YEAR PER PERSON ACCOMODATED IN CONGREGATE HOUSING, VERSUS NURSING HOME CARE.
- 3. CONGREGATE HOUSING MAY OFFER DISTINCT ADVANTAGES TO ELDERLY PERSONS WHO NEED SPECIAL ATTENTION BUT NOT SPECIAL MEDICAL CARE.
  - A. ITS EMPHASIS IS RESIDENTIAL, NOT INSTITUTIONAL, AND IT MAY PROVIDE A VIABLE LOCAL NURSING HOME ALTERNATIVE.

DESIGN OF A MANAGEMENT INFORMATION SYSTEM  
FOR THE MINNESOTA HOUSE OF REPRESENTATIVES

BY

Emily Anne Staples

M - 678 Management Information Systems

May 13, 1982

Gratitude for assistance with this report is acknowledged to Representative Phyllis Kahn, District 57A, State of Minnesota, and to David N. Kienitz, Property and Space Supervisor, Minnesota House of Representatives. Thanks also to Public Systems Associates, Inc. 770 Grant Street, Suite 118, Denver, Colorado, 80203, for access to the "Final Report for the Minnesota House of Representatives" and for Illustrations I - VIII.



Design of a Management Information System  
for the Minnesota House of Representatives

Phyllis Kahn was elected to the Minnesota House of Representatives in 1972. She had received her Ph.D. in biophysics from Yale and had been very active in establishing the Minnesota Women's Political Caucus. She was 35 years old when she decided to seek political office from a district adjoining the University of Minnesota where she was on the faculty. She is five feet two inches tall and runs the Boston Marathon in a little over three hours.

Because of her scientific background and her expressed interest, the Speaker of the House, who makes all committee assignments, assigned her to the committees dealing with energy and utilities. Since she had campaigned on the need for the legislature to update itself and utilize the same technologies being investigated by business, the Speaker also suggested that she might want to spend time becoming familiar with how the legislature might increase its efficiency by keeping abreast of the constantly advancing field of computer technology. He mentioned that he would find it helpful if Rep. Kahn would be willing to become an inhouse resource on management systems.

Legislative staff had kept up to date with advances in technology which would serve their needs and had acquired time and energy saving equipment when it seemed appropriate, but there was very little oversight capability among elected representatives. This was the role proposed to Rep. Kahn.

During her first term she concentrated on learning the legislative process and worked to pass bills addressing issues she had developed during her campaign. She gained national recognition for her conception and passage of the Minnesota Clean Indoor Act, the first in the country which required that restaurants be separated into smoking and non-smoking areas and that there be no smoking in the public areas of any government buildings. She also spent time following the Speaker's advice that she become familiar with computers and their capability.

In 1974 when Rep. Kahn was elected to her second term in the House after running without opposition, she requested that the Speaker establish a committee to study the possible use of additional computer technology to assist legislators in the tasks they were mandated to perform. The Speaker reacted by establishing the Task Force on Data Systems for the purpose of reviewing and evaluating the information and data requirements of the House of Representatives, and he named Rep. Kahn Chair of the Task Force.

Some advanced technology was already being used by the Legislature. All bill drafting in the Revisor of Statutes Office utilized the most sophisticated state-of-the-art system available to search and position proposed legislation.

Computer searches could be conducted through the complete body of law to track a word or a phrase although this was

pre-Lexis. (I did one seeking sex-specific statutes in an attempt to amend discriminatory language on a statute by statute basis after we were unable to gain support for a state equal rights amendment using key words such as she, her, woman, female, man, male, father, mother, etc.)

Voting was computerized and done by pressing the appropriate light at your seat. Since each legislator had a permanent assigned seat it was not as great a challenge as the process which Frank Ryan described for the U.S. House of Representatives. Additionally, an immediate print of the vote could be obtained from the clerk.

The budget and appropriations functions were utilizing computers to some extent, but there was not a great deal of overlap between the executive department, the Senate and the House. However, since all three were controlled by the same party (DFL - Democratic in the rest of the country) there was greater coordination then there would be later when a Republican was elected governor.

#### Development of a Program

The Task Force contracted for the services of Public Systems Associates (PSA) based in Denver, Colorado, after an extensive search and consultation with other legislative bodies who either had gone, or were going through the same process.

Their charge was to evaluate information systems in use by various departments and agencies of the House of Representatives to determine where opportunities for improvements or enhancements existed.

PSA was also asked to identify areas where additional information, data gathering and data processing systems might be established for the benefit of the legislative process. It was recognized that the role of data as a factor in legislative decision making had increased dramatically in the last decade. Legislators and staff had discovered that existing agency operations produce large quantities of data that when used appropriately are invaluable to the legislative process.

To accomplish what the Task Force desired, the work effort of the consulting team was divided into three parts: first, a thorough review and assessment of the current needs and future opportunities for the House, second, preparation of service designs and operational frameworks for three high priority services as determined by the Task Force and third, recommendations containing a process for identifying and evaluating data processing needs and accompanying procedures for development and execution of a long-range plan with steps for implementing short-range goals and objectives. (See Illustration I)

In determining the present and future information system needs the PSA team examined the areas of House legislative operation which required significant collection, manipulation, maintenance and distribution of information. Areas such as administrative support, research, bill handling, leadership and management support, and the large area of fiscal review were considered. In analyzing these areas the team evaluated the possibilities of system improvements for the House and presented



its findings. The Task Force then identified seventeen separate opportunities for the House to enhance its information processing systems. (See Illustration II)

Each of the services presented listed the description of the service, its capabilities, a designation as to whether or not a conceptual design was required, the user philosophy, a statement of implementation requirements and the effort associated with it, the availability of data for the service system, and the relationship of the service opportunity to existing or possible future systems. The list of services represented a set of options for the House.

In order to select among the options PSA's team described a long-range plan for improving information services for the Minnesota House of Representatives as in fact a "process". The process is necessary for identifying areas for service development or enhancement, describing and prioritizing those areas, evaluating the specific functions of the service, selecting the specific service and developing a work plan for implementing the selected service.

The report cautioned about the importance of remaining aware that the legislative environment is unique and that it must be reviewed with a major emphasis on user satisfaction.

It continued by identifying indicators to be considered when prioritizing the service needs that were identified. Since not all things can be done, nor are they equally desirable or beneficial, the following indicators were ~~proposed~~: time, money development, service user, need, demand, desirability, staff and cost savings.

Following assessment according to the measures indicated above, each service should undergo a detailed description and

then an evaluation. Recommended criteria for the evaluation include the following considerations: Program capability, conceptual design requirements, user philosophy, implementation, dependency upon other services, data availability, effort and cost. Adherence to these criteria will provide a uniform framework for the next sequence in the long-range development process, that of actually selecting a service or services for development.

The selection will rely heavily upon the immediate set of circumstances surrounding the decision. For example, if reappointment is pending, a legislature would undoubtedly find that an information processing service that could quickly and easily present the impact of a particular proposal and possible alternatives would be extremely valuable. Such a capability might have less value in mid-decade.

Following the selection process, the last phase of the long-range plan is the establishment of the work plan, stating what service or services are to be developed and the requirements the service should contain. The specific details of the work plan represent the short-range plan for the legislature. These steps take the "what" from the long-range and apply the "how", "when", and "for when". (See Illustration III)

The long-range plan represents a process for review and determination by the legislature. In order to pursue the process to maximum benefit it is recommended that a continuing structure be established. The creation of a structure to support the planning process establishes responsibility for the future. The primary component of the planning support structure is a Policy Committee composed of senior legislative staff and House members from major user areas such as budget and appropriations, education, management, and caucus leadership. The optimum size for this

committee is nine to eleven members in order to have enough diversity. Administratively it should report to the Speaker.

To support the Policy Committee it is recommended that an Office of Information Systems be established within the House of Representatives with a management specialist and the necessary clerical support to work with existing legislative staff and to undertake the identification, prioritization and evaluation of potential services.

Following the selection of a service proposal by the Speaker in concert with the Policy Committee, it would be the responsibility of the Office of Information Systems to prepare the work plan, the final step of the long-range plan.

The process of proposal review and selection should take place soon after each annual session and the entire long-range planning activity re-examined at the end of each biennium.

#### Improving Information Services

Changing times and differing issues produce changes in focus and emphasis with resulting alterations in demand for information or structures of information. This evolutionary process, with its accompanying demand for more or better information processing, is frequently addressed by application of new data techniques and technology.

Throughout the states, legislatures have found themselves pressed to make better use of program data and to be more creative in their requirements for data processing to meet their needs. These circumstances have given rise to a variety of applications of data and information systems and equipment to fill legislative needs. There is every indication that this growth will continue and grow. The states have assumed greater policy and delivery

responsibility for government services in the past few years and their role is increasing. To meet these responsibilities the states are going to have to collect and process more and more data to meet executive and legislative requirements. It is reasonable to assume that the growth in states' responsibilities and the accompanying changes in data amounts and complexity will require assessment and adjustment to the means by which this information is handled. The current information processing systems, as well as those that will evolve in the future, contain specific characteristics including the following: the information is centralized, verified, timely, in a clear and understandable format, contains charts and graphs when appropriate, is easy to use and is regarded by users to be useful and accurate. (See Illustration IV)

These characteristics are applicable to all information systems, but are particularly significant to the legislative environment where rapid, relevant and understandable information is critical to the legislative process.

It is important to keep in mind that the choice to proceed should only be made when appropriate. The situation is appropriate only when the benefits from innovations outweigh the costs. All too often the initial reaction is to seek to automate either existing services or any proposed enhancements when in fact many improvements are possible through a systemitized review and assessment of present practices and subsequent development of new manual procedures. However, some enhancements should be measured in terms of immediate and long term costs. For example, improving the flexibility and timeliness of formats manually might cost less initially, but over a period of years the total might be the same or greater. In Minnesota's legislative environment the Clerk of the House, the Revisor of Statutes and House Research already make substantial use of automated systems.



## Options for Proceeding

Examination of the result of the short-range planning process will indicate one or more information enhancements which are desirable for implementation. At that point there are four options or means of proceeding with the development of those services. (See Illustration V)

1. Non-automated improvements - this approach does not require new or additional equipment, but concentrates on changes in operations and procedures.
2. Comprehensive computerization - service development within the context of a central computer center with accompanying hardware.
3. Incremental coordination - use existing equipment with some additions. It emphasizes cross-utilization and requires minimum capital investment.
4. Continue with the status quo.

The first option is the non-automated approach. This possibility emphasizes manual procedures and techniques to improve data gathering, review, evaluation and reporting formats, and calls for improved coordination between the data sources, evaluators and users. The selected service implementation is directed by a designated service manager who guides the institution of the conceptual design developed in the short-range plan. This person assures that all areas of the legislature are included and that appropriate staff are assigned responsibilities for all portions of the conceptual design.

This option requires that existing centralized data resources be maintained where possible and appropriate. Where service improvements require additional or enhanced data, special data bases or decentralized resources must be identified and/or created. Standards must be established and formalized. Within this framework the maintenance of the data will be by hand and performed on a regular basis by identified personnel.

In order to meet the requirements for establishing the data and maintaining and supporting it for <sup>the</sup> three services selected by the Task Force, budget and expenditure history, revenue history and appropriations tracking, it is estimated that it will require a data coordinator and two data-input clerks in addition to existing House staff who will be involved in initiating and using the services. It would be possible to proceed in this way because the necessary data base exists and appropriate staff are in place.

This option would require a minimum resource commitment, however it has several disadvantages. Because it lacks flexibility it has little chance of making a significant impact on the legislative process. It also fails to take advantage of available technology.

A second option is comprehensive computerization requiring the installation of a centralized computer and related peripheral equipment. This would involve several user terminals through which House members and staff would process and receive information. Several steps are required in the development of this kind of program and it is a major undertaking. However, it does provide a variety of services. These include fast response information display on a terminal screen, hard copy from terminals equipped with a printing device and reports provided directly from a high speed printer tied to the computer if that is desired. Data maintenance is an important component in the utility of this system. Initial cost is estimated at between \$700,000 and \$1,700,000 with annual expenditures varying between \$130,000 and \$190,000 just for personnel and supplies.

To be effective this possibility requires maximum input

from House members and staff. This would mean that the Policy Committee should remain intact in order to provide policy guidance, but because of the on-going nature of the project, reporting should be done to an existing body in the legislature such as House Research or House Appropriations.

The equipment necessary for this option consists of a computer, its related peripheral equipment, a communications network, and the terminal and hardcopy equipment. (See Illustration VI)

There are advantages and disadvantages to this approach as to any other. Advantages include the ability to run models and make them available on terminals, the fact that the centralized computer can support a large network of terminals both in the Capitol and remote from it, <sup>that</sup> it would have a large central data base which can be maintained from a central point, and <sup>that</sup> it will support fast peripheral devices such as tape and disc units and high speed printers.

On the other side are the disadvantages. There is no redundancy in case the computer fails. The investment in preparing, equipping and maintaining the site is high as is the initial expense of purchasing the central computer hardware. Some applications such as word processing will not be effective. Finally, there is a definite limit on the number of terminals which can be supported without major upgrading of the hardware.

A third option involves two interrelated strategies. The first addresses the coordination and management of the improvement effort and the second addresses the computer equipment on which the services are provided. (See Illustration VII)

The equipment portion of this option proposes linking together microprocessors into a network. Such a network concept

involves physically linking the devices in the network together and providing the programming for the devices to communicate easily with one another. Included in the network will be devices for storing modest amounts of data which will then be available to each member of the network. The individual members of the network may request data from the storage units and then manipulate that data into reports independently.

Due to the compact size of the microprocessors and their standard power requirements, no special facilities are required in the Capitol building to accommodate them. Also, newer, more powerful units can be added easily as the technology becomes available.

Each member of the network can perform as an independent unit or can function as part of a network. For example, a staff member can use the terminal in its stand alone mode to compose a research report and then enter the network to gather data and produce charts or graphs to attach to the report. Similarly, a legislator can work in the stand alone mode on the development of a piece of legislation. The legislator can also enter the network to receive communications or messages from an electric mailbox. This concept provides small self sufficient service stations which can communicate with one another and access pools of data shared throughout the network.

Units with larger storage capacity would be scattered throughout the network where they are needed, and each would be attached to a single service station. Storage devices would be dedicated to single purpose information base. Examples are revenue sharing information, budget histories, current year-to-date expenditures, electronic mail or revenue collections. Where practicable the storage unit and microprocessor would be



physically located with the staff primarily associated with its use and maintenance, although that is not required.

An advantage of this option is that beginning with a minimum level of staff commitment there can be increases based on service expansion requirements. Also, since the responsibilities for entering and maintaining information will be placed with the appropriate staff entities wherever possible, no large computer-oriented type staff would ever be required. Rather it would be a compact group oriented toward highly specialized services and technical assistance.

A great advantage of the network approach is its flexibility for development purposes. Once services are selected they can be developed on a single unit and then provided on a need and authorization basis to the network. The network itself can start with just one or two units. In this way, the utility of the concept to the legislative process can be verified with a very modest investment.

While programming and analysis skills will be required for development of services, some services, such as word processing are readily available in completed packages. For those services requiring special design, data collection or program features, a single service unit within the network will be dedicated to development of new services. That unit will be physically located with the information services staff. Once the data has been gathered and stored, and the programs to manipulate and format the information have been tested, the new service can be released to each station that has been authorized for its use.

Use of carefully selected assistance by outside consultants should help keep staff requirements small. This can also

shorten the time required to prepare and begin to install service applications.

Once the network and services are operational, the service coordinator and the programmer(s) should assume responsibility for training users, coordinating maintenance of equipment, maintaining software, assisting other legislative entities with new service needs and working with the policy committee to manage the service. The operating strategy of the incremental approach is to place a major burden of the data collection/verification/input responsibilities on the appropriate users. In this way the operating staff of the service can be kept small and effective.

Cost projections for this option are as follows:

Personnel -\$100,000 per year, Equipment - \$20,000 per station and \$40,000 for a network controller which is needed for each four stations, Supplies - \$25,000 per year and Consultant Support which includes such items as design, development, software, hardware, package evaluation and training packages - \$500 to \$15,000 per package.

The service team should be guided at the policy level by a special House committee which includes the leadership or their designees, and all decisions on development, access, equipment, security and service expansion should originate in this committee. The team and the service should become a basic House resource with the ability to serve members and staff in an unbiased and non-partisan manner. The service should rely for its overall direction, specific development assignments, and guidance for priorities, on the Policy Committee.

As decisions are being made about equipment the history of both the vendor and the manufacturer should be carefully

considered. The availability of good local maintenance support through flat rate agreements should be an important part of the equipment evaluation process.

It is important to understand the advantages and disadvantages of this incremental approach when considering this option. Favoring it are ease of installation, no special requirements for space or utility preparation, it can be easily expanded, its utility for the House can be tested for a relatively small investment, as new technology is developed it can be integrated into the network, additional users do not degrade the network as a whole, individual stations do not depend on the proper functioning of a central computer, there is backup capability and adding service stations does not require the same magnitude of decision about cost as does a central facility.

Disadvantages include the following considerations: the network cannot handle services requiring large information bases such as statutory retrieval, individual service units cannot handle large analytical programs such as complex statistical models, features for microprocessors are not as standardized, because of rapid growth it is difficult to find experienced professionals familiar with microprocessor technology, and due to the cost of individual units no ultimate cost savings will occur over a centralized approach once the number of elements in the network exceeds twelve.

The final option is to decide not to take any action. This would mean continuing with the status quo or trusting that needed changes will be developed by existing legislative agencies within the context of their present operations. However, random enhancement, where and if it took place, would produce duplicate staff efforts and redundant and unrelated data configurations.

The economies of data sharing and multipurpose evaluation and output would be lost. To the extent that coordination of data services presently exists there would be random and unplanned adjustments without the guidance of a comprehensive set of goals and objectives which are common to each of the three other options. (See Illustration VIII)

### Selecting Among Options

PSA made its report to Rep. Kahn's Task Force on June 3, 1981. In its evaluation of the options it cautioned that not only were current needs an important factor to be considered, but whatever decision was arrived at should be made with a clear eye to the future. Assuming that there will be future service enhancements, the option that is most suitable for further development would have a higher priority than an option that limits expansion or would require major modifications to accommodate it.

Due to the specialized nature of information services in the legislative environment, the study team reviewed the possible role of consultants in the development and operation of a computerized information service. Based on the options for service development and the current in-house staff capabilities, the study team felt it would be advisable for the House to consider, at a minimum, the use of consultant support on an individual assignment basis. Areas which should be considered for potential assistance include the following:

- Equipment specifications
- Operating software design/development
- Application software design/development
- Developing system operating characteristics
- Data collection/verification procedures
- Operating standards/procedures
- System security
- Staff training
- Selection/implementation of pre-packaged software



The information systems envisioned by the House were extremely sophisticated. Options two and three in the report involve the acquisition of computer capabilities by the House. For either option the anticipated computer requirements were very modest for the range of information service improvements reviewed for the study. There are two possibilities for the acquisition of such computer capabilities. The House could use the services of an existing state facility or it could acquire its own equipment.

Of possible state facilities which could supply computer capabilities to the House the one which most closely meets its service needs is the Information Service Bureau (ISB).

There is a serious question about the ability of the House to have a priority service arrangement to meet their special needs by tying into ISB, however. In addition, many state legislatures providing or developing computerized information services for members and staff have had some serious concerns about privacy and security of legislative research.

The primary consideration for the study team in reviewing computer resource acquisition, however, was the incremental nature of the current development approval by those who must vote on it. Included in that approach is a limited commitment to large scale computer decisions until the concept of automated legislative services has proven its value to the House's operations and procedures. Such an approach is best supported through the lease or purchase of small scale equipment as outlined in option three. When the service concept has been accepted and additional commitments have been evaluated and accepted, the House can review the option of going to a large scale

facility.

An important consideration in selecting from among the options is the issue of coordination. Three of the four options available require that the project team and the Policy Committee exercise coordination of the project activities with the various agencies of the legislature. The coordination focus must be present in order to provide a forum for receiving any input that would be useful in future service improvements.

The initial service selections for concept design are fiscal in their focus (budget and expenditure history, revenue history and appropriations tracking), but other legislative functions may be discovered as candidates for enhancement during the process of installing the fiscal functions. The Policy Committee should be sensitive to this potential and be prepared to make recommendations to the leadership when future opportunities become known.

The long-range planning process should include examination of services remaining from the initial survey, but also additional ones which may occur. The presence of a formal coordinating effort will capture the changing needs of the legislative process in the future.

The coordination effort should be particularly sensitive to the availability of services and equipment within the ISB. It may be possible to utilize those resources to some degree in the implementation of specific service enhancements.

As the House begins an information system development program there are several issues which should be addressed regarding the potential of integrating the Revisor's office within an overall House network. This would allow retrieval from the ISB system using approved microprocessor terminals

in the network.

#### Recommended course of action

1. Implement option three - incremental computerization as the basic service approach. The option should be implemented at a prototype level using one or two stand alone units during development.

2. The Director of House Research should be made responsible to the Task Force or the Policy Committee for hiring, orienting and administering the initial portions of the effort. He should coordinate efforts with other directors of House agencies.

3. The three services for which conceptual designs have been completed should be adopted for development. Revenue service and budget history should be addressed first, with expenditure tracking held until the first two are being tested.

4. Select two high priority services needing no design and implement them at the same time. Word processing and payroll/personnel are probably the best candidates for initial consideration.

5. Begin coordination of the service concept with other House staff agencies.

6. Begin implementing the recommendations as soon as practical after adjournment of the 1981 regular session. If this is not possible do not schedule full operational services until the 1983 regular session (odd years are the budget sessions.)

After lengthy debate the recommendations of PSA were voted out of Rep. Kahn's Task Force and were subsequently adopted by the House Steering Committee.

A memo from Rep. Kahn describes her expectation of the

qualifications she foresees being necessary for the Systems Coordinator. (See Illustration IX) I've also included a proposed ad and a draft of the job description for the position. (See Illustrations X and XI)

Although the system was not ready for the 1982 session of the legislature, work is now in progress and there is assurance that it will be available for use prior to the session which convenes on January 4, 1983.

I have serious concern that the Minnesota Senate is not linked into the proposed system, but the upper body is not known for moving precipitately - or in concert with the lower body! The executive branch is considering its own system.



## GOALS AND OBJECTIVES

- Review Information Processes of the Minnesota House of Representatives
- Assess Opportunities for Current and Future Improvements
- Design Long-Range Planning Process
- Establish Short-Range Planning Process
- Prepare Specifications for Selected Service Improvements
- Prepare Recommendations for Implementation of Service Improvements

## Illustration I

SERVICE OPPORTUNITIES	DESIGN REQUIRED	UTILITY/ NEED	USERS	DEPENDENT ON OTHER SYSTEM	STAFF/ MAINTENANCE	DATA AVAILABLE	DIFFICULTY	CURRENTLY BEING PERFORMED	INTEREST
1. Appropriations Tracking and Expenditure History	Yes	High	Appropriations Committee Staff Members at Large	No	High	Yes	High	No	High
2. Revenue History and Tracking	Yes	High	Finance and Appropriations Committee Staff	No	Low	Yes	Medium	No	High
3. Financial Score Keeping	Yes	High	Leadership Fiscal Committees Staff	Yes	Low	Yes	Medium	No	High
4. Appropriations - What If	Yes	High	Fiscal Committees Staff	Yes	Low	Yes	Low	No	High
5. Bill Tracking	Yes	High	Members Staff Non-Legislators	No	Low	Yes	High	Yes	High
6. Capital Appropriations Tracking	Yes	High	Fiscal Committees Staff	No	Low	Yes	Medium	No	High
7. Office Space Management	Yes	Low	Staff	No	Low	Yes	Low	No	Low
8. Expenditure Tracking	Yes	High	Fiscal Committees Staff	Yes	High	Yes	High	No	Low
9. Committee Reports	Yes	Low	Staff	No	None	N/A	Low	Partially	High
10. Statute Retrieval	Yes	Medium	All Members Staff	No	Low	Yes	High	No	Medium
11. Word Processing and Electronic Communication	No	High	Staff	No	None	N/A	Low	Limited	High
12. Constituent Survey	No	Low	Staff	No	None	N/A	Low	No	High
13. Administrative Support Services	No	Low	Staff	No	Low	Yes	Low	Not Centrally	High
14. Legislative Reference Library	No	Low	Staff	No	Low	Yes	Low	No	Low
15. House Finance	No	Low	Staff	Yes	Low	Yes	Low	Yes	Low
16. Analytical Support	Varies	Varies	Staff	No	Varies	Varies	Varies	Partially	Low
17. Computerized Telephone System	No	High	Members Staff	No	Low	N/A	Low	No	High

Design Required - does the service application require significant systems analysis prior to implementation and use.

Utility/Need - is measured as a result of study team interviews and evaluation.

Users - is a statement of who the prime user groups would be for each specific service opportunity.

Dependent on Other Systems - does the opportunity have a significant reliance on other listed opportunities.

Effort - This is an estimate by the study team of the measure of staff effort necessary to support the full capability of the service opportunity. "High" means four or more staff will be required. "Low" means less than four.

Data Available - this category reflects the degree to which the data necessary to support the service opportunities is available in a usable form

Difficulty - the measure of difficulty is an assessment by the study team of the effort necessary to develop and maintain the computer service as well as provide support data to the service opportunity.

Currently Being Performed - reflects whether or not the service as described is being substantively performed at the present time through existing computerized legislative services.

Interest - is an indication of the interest shown in the interviews conducted by the study team.

### STEPS FOR SERVICE DEVELOPMENT

- Recommend Incremental Coordination as Basic Service Approach
- Appoint Policy Committee
- Make Appropriate Staff Decisions
- Adopt for Development Three Services

Illustration III

## INFORMATION SYSTEM CHARACTERISTICS

- Centralized Information Resource
- Accurate
- Timely
- Easily Recognized Formats
- Use of Charts and Graphs
- Easy to Use

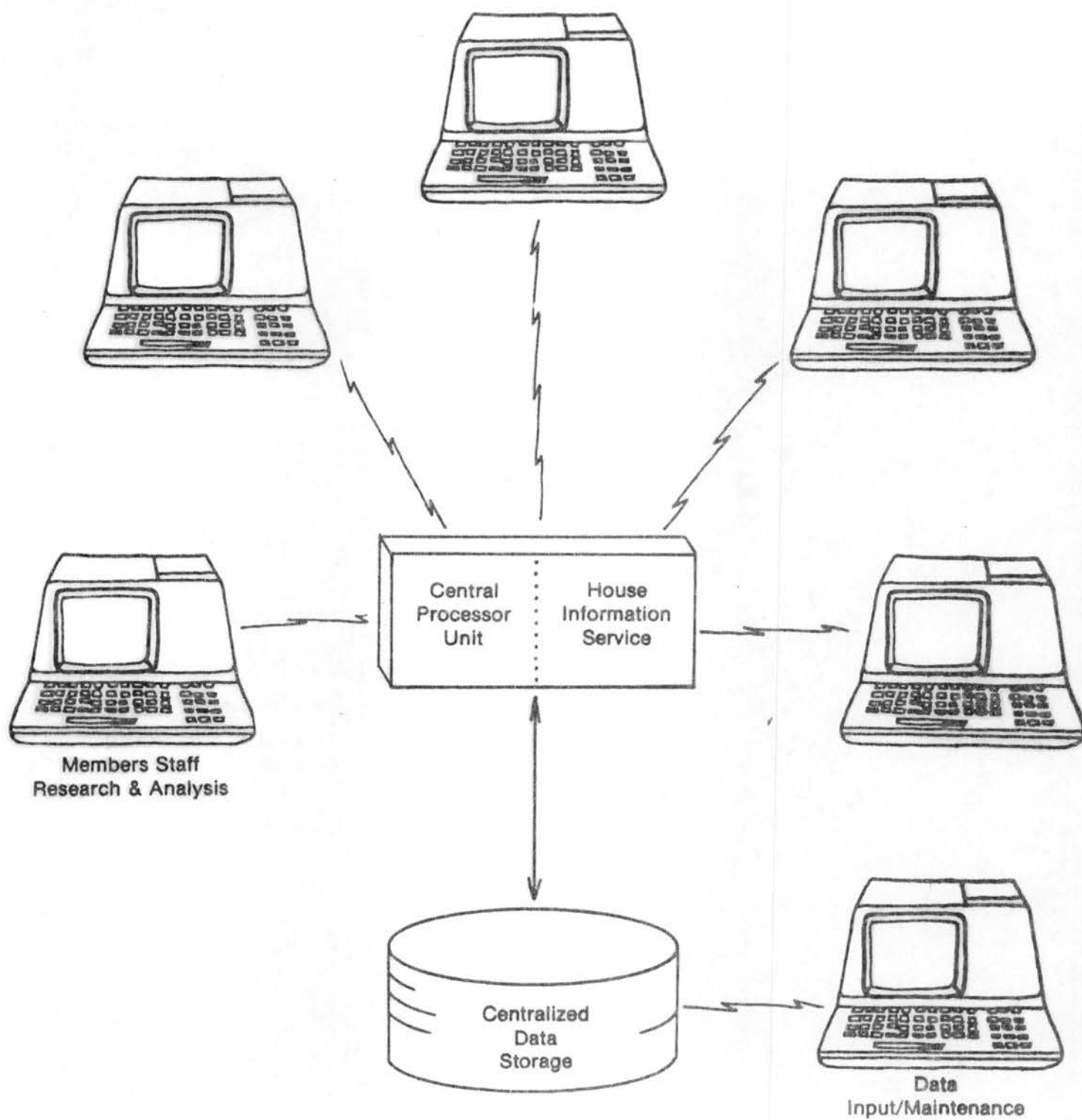
Illustration IV



OPTIONS FOR PROCEEDING

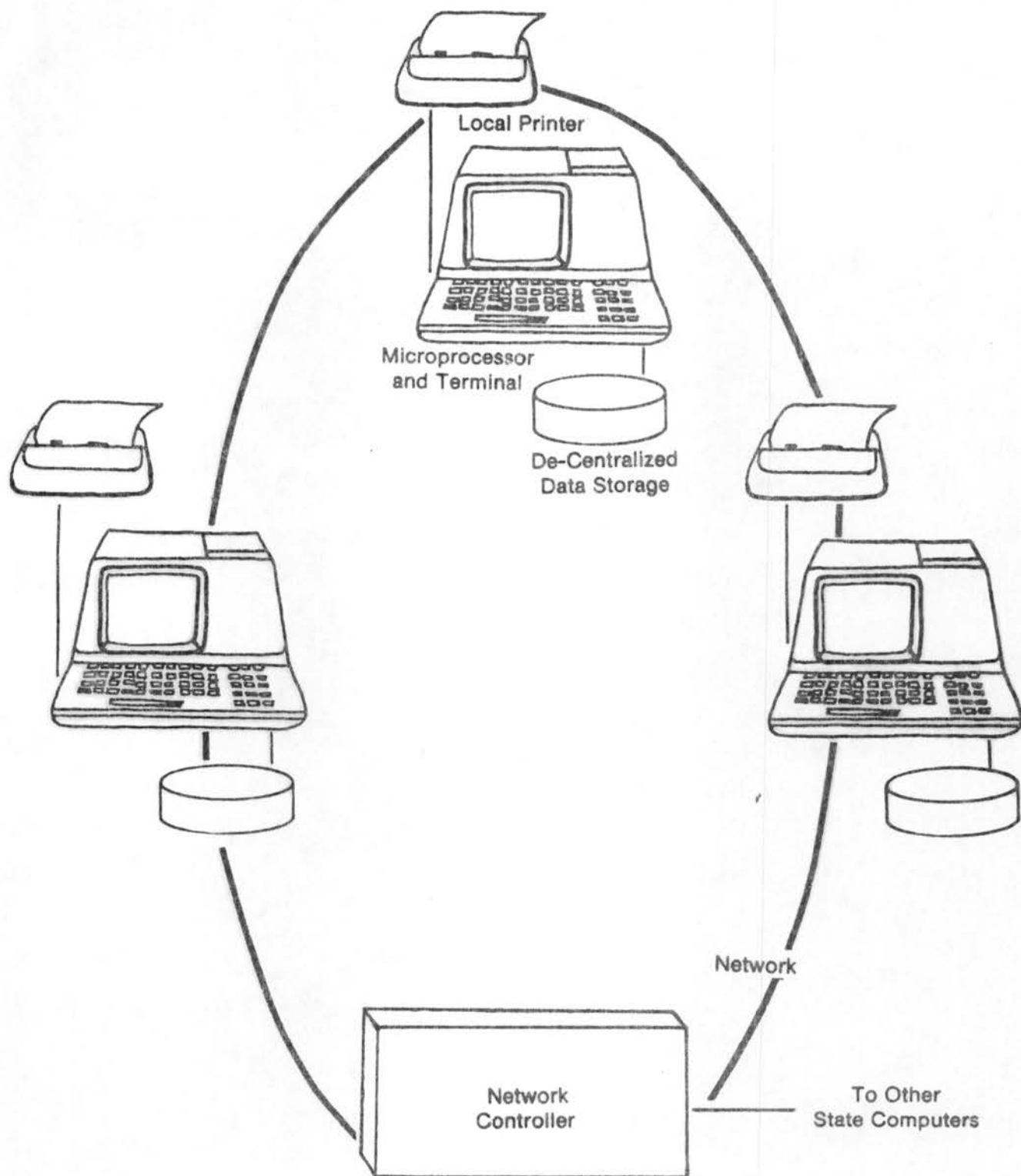
- Non-Automated Improvement
- Comprehensive Computerization
- Incremental Coordination
- Decline Comprehensive Action

Illustration V



Option 2 - Comprehensive Computerization

Illustration VI



Option 3 - Incremental Coordinated Approach

Illustration VII

## ADVANTAGES VS. DISADVANTAGES

### Advantage

### Disadvantage

#### Non-Automated

Minimum resource commitment

Least chance of making impact  
Lacks of flexibility  
Can't handle large data bases  
Fails to use available technology

#### Comprehensive Computerization

Speed  
Large Terminal Network  
Video display  
Can handle large data base  
Support peripheral services

No support if computer fails  
Large resource investment  
Some services not as effective  
as stand alone  
Some terminal limitation without upgrade

#### Incremental Coordination

No special space or facility  
Network easily expanded  
New Technology can be easily  
integrated  
Increased utilization does  
require system upgrade  
All functions not dependent on a  
single computer

Can't handle large information bases  
Individual units limited to their  
support of complex analytical models  
Some units not standardized  
Scarce experienced staff currently  
available  
Due to cost of individual units, cost  
savings diminish in relation to  
control computer after elements  
exceed twelve.

#### Decline Comprehensive Improvement

No investment required

Minimal opportunity for data sharing  
and integration  
Randomized information process  
improvements, if any  
Duplication of data gathering and use  
Loss of uniform data use and maintenance  
Loss of opportunities for staff and  
legislative efficiencies. Thru  
use of available and low cost  
technology.

### Illustration VIII



April 5, 1972

650<sup>W</sup>  
5700

Talked to Chuck Slocum  
Roy Holstein  
Virginia Waset

To do - List of all newspapers in 23<sup>rd</sup> dist.  
Picture taken <sup>5x7</sup> Merle Morris  
~~Norman Viter~~ - Jimmy Lane

Biography -

Jim Williams - 546-1351

2749 Douglas Dr.

Crestal 55422

Roy Weir -

Bill Stocks 334-5716

Gar Levin - atty.

Dick Bartley -

P.R. Bruce Moxick - BBDO - 338-8401 or 314-2444

Ron Mogel - Cuffman - Oakland

Kearny Wolfe h. 938-6046 - o. 929-4646

✓ Al Hilde 473-7961

✓ George Pillsbury 338-3873

Tom Humphrey - 544-6901

✓ Lyall Schwarzkopf 824-9293  
4840 Bloomingdale Ave

Ed Erickson h. 533-3444  
o. 533-9766

Peter Reese -

Get lists from gubran of St. L.P. supporters  
Who ran his campaign?

New Hope

Dick Plutka - Chmn. of Planning, Commission Councilman

Milt Hoxsey -

Mtka

Marge Vegemast - pch 1 (past chmn?)

Jan Buckland - current chmn.

Lon Eastman

If not camp mgr. chairman of vol comm?

Mayors and Councilmen - ask who opinion leaders are  
Here in or key areas - St. L.P.

Drivers for block work

Someone to run calendar - Bebbie Lynne

Finance John McBray, Len George  
Largill G.M. Pillsbury - who could head up a finance  
drive? Lives in area.

Get people to take me to church socials - pancake breakfasts etc.

Bob Evans - T.O. Federal <sup>best</sup> ~~good~~ political writer in the state!

Answers: Wayne MacFarlane

~~Find out~~  
~~about Board meeting~~  
~~for Jan 1984~~  
~~See Kim~~

Letter to Bower & radio stations

Call Ken Wolfe

Connie Hertz

Kathy Berg

Call delegates to respond  
 to letter from search comm

John Cairnes

Shula Segal

Steering Comm.?

Debbie & John Grogan

Dick Stuck

Breg Coker

Ron Speed

John Fischer

Marge Humphrey

Jeane Lindell

Ask GOP Hq. for "legal aspects of the campaign"

Songs  
 by Julie  
 for hymns  
 by Michael

Question for Perry

Delegate mailing?

Arrangement

Sites

by name

by area

Need people for  
 finance

Volunteers

Coffee Parties

Community contact

Civic groups

N.W.V.

Youth contact

P.R.

Buttons?

Lawn signs

Issues

Rosemary Grier - St L.P.

Martin Fowler - call Mon A.M.

Need to travel with someone else at all times.

3 key people

1 businessman

design studio

1 young person

do a set for press conference

1 woman (LWV type)

Station wagon - good for sign site

set of colored slide for each TV station

Photos -

Position papers -

biographies -

third party endorsement -

press package

designer

set

\$30 hr. creative  
\$15 hr. research  
work

- hand written letter mail campaign

- do at coffee parties

Blackboard is a good tool

dollar per 1000 impression factor

to carry -

to control content



## Contacts

### New Hope

Milt Hensley

Ed Erickson

### Plymouth

Al Hilde

Al Clausnitzer

Get back to Marty  
Fowler

Phoning

— Erle Savage —  
Jeanne Hendell

letter

Betty Salisbury

coffee parties

Special lists

PTA's

churches

civic clubs

— Questions for brochure —

Arthur Pol guy

Renwood girl

Photos

Daff Johnson

Post card coordination

Ludy Driscoll?

lawn signs

to wire Larson

no. from John & Debbie

# Campaign Organization

## I. P.R. - overall design

Press Release - position papers

Radio - T.V.

Letters to Editors

Lawn Signs

Brochure

Ads -

lists of names

## II Special mailing chairman - post office forms.

\*

1. letter to all delegates and alternates

2. letter to all G.O.P.

3. Special letters & cards (Churches

special groups

CofC - Lions

Kauaians, league)

① select lists, ② signers, and ③ addresses

postage, bulk rate, string - envelope, bags

## III General mailing chairman - post office forms.

1. letter to everyone in district -

brochures included

2. Organize stuffing parties

\* Get people

postage, bulk rate, string, envelopes, bags!!

## IV Printing chairman - check proofs

1. In charge of all printing and delivery

general mailing, special letters - brochures, cards

2. lawn signs

## V Thank you letters -

printing, stuff - address -

## VI Newsletter Chairman -

VII Creative director

Caravans

Shopping center appearances

Coffee parties

Fundraisers

VIII Phoning - a typist would be helpful

Secure phoners - printed

overall  
info collection

See that all have instructions and cards  
lists

\* See that info is sent to proper person  
Color coded sheets from phoners to each

IX Lawn signs - billboards. big lawn signs - small lawn signs

Stakes, washers, nails, location to build

People to build signs - erect signs -

police - clean up afterwards

locations from phoners

Thank yous!!

X Blockwork chairman - secure people - place for send off <sup>timing</sup>

Get maps - break down into 4 block sections

Literature at each location

Candidate send off and return

Party afterwards

XI Typists

Phoning list

XII Coffee parties - line up good people to host  
Someone to go with literature

XIII Public functions - Student, businessman, woman  
best of organizations  
line up program chairmen

\* XIV Scheduling  
Get someone to go with - literature - timing

XV Honorary committee  
Chairmen & chairwomen

\* XVI Fundraising -

XVII Special groups chairman  
Sr. citizens, students,

XVIII Issues chairman  
Research, write papers, brief Jerry & me

XIX Campaign secretary



how many marriages are successful.

- Afterhours -

Key campaign committee -

Advisors - Lor, Yngves, Gerry, Ron.

5 people - opinion leaders

Overall campaign committee

Dave Hock

George Long

treasurer - ~~Billie Bondexter~~ ~~Anne~~ Charlie Krogness  
John Lindahl

{ Bruce Monick

New Hope

Call Dick Pfluka -

Comfort Kinder

~~Virginia~~ Corrick ?

\* Sue Barniskis

Plymouth

yes ✓ \* George Carisch - Sharon

yes ✓ \* Dick & Ann O'Fallon

no ✓ \* Cheryl Spaeth - coffee parties? 10-17

✓ Aaron Yngve

Minnetonka

✓ \* Ron Speed - ask Pete's name

\* Betty Johnson -

Golden Valley

- \* Kathy Berg

no \* Jeane Penrock & George  
Maxine Lindholm - (Carlton)

\* Nancy  
Nate Plimpton  
- living in Brainerd -  
\* Karen Mitchell  
545-5258 ~~473-4557~~  
\* Rudy Boscawitz

5652

Rudy Boscawitz

## Platform Committee -

Advocate responsive in programs to the varying potential of students and establish basic goals & basic criteria for objectives.

Recognition <sup>-</sup> individual potential -  
+ Acceptance of individual differences  
#

"administrative proliferation"

~~we believe~~

~~freedom of approach~~

"Pedagogy of the Oppressed"

Need & ability to pay must be more clearly defined

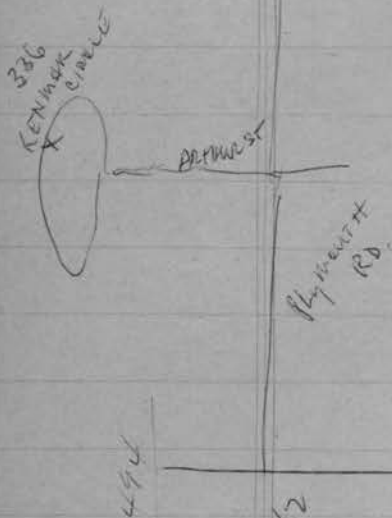
~~throw prof standards board  
and prof. racial commission~~

§ In line with counseling students for effective participation in society ~~after completing~~ their formal education we recommend that more consideration be given <sup>to</sup> eliminating the ~~disparities~~ <sup>stereotypes in counseling</sup> between male & female oriented occupations <sup>students</sup>

in those instances where it has no serious implications  
for society

No person shall be sentenced to prison for the acquisition  
purchase or use of any drug but he may be ~~forced~~ required  
to undergo medical treatment including commitment  
to a hospitalization ~~may be required~~ of chemically dependent persons

Fri 7-11 L+S. H Delivery. Environment  
Sat 9-5 H+W. Sort. Reform



Health Planning - 5/8/72

Supply & demand for health services in rural areas.

Improper distribution - shortage of Primary physicians.

Surplus of surgeons, Psychiatrists and anesthesiologists - Geographic imbalance. Large proportion of drs. in group practice - over

50% in State - 20% nationally. 1 out of 4 is not only in group practice but in multi-specialty group practice.

Nationally we need 60% - 70% in Primary specialties - now have about 50% and 30% in training.

Is there any govt. planning or incentive program for distribution of specialties? HMO's can determine supply & demand - to some extent - on a market basis.

Rich Brewer - Finance

Group Health Inc. - St. Paul  
Center - est. 1934

→ Community Health - Two Harbors

1500 family units - \$42 per mo. Under 317-  
Purchaser Consumer Controlled

Purchases Hospital Service

→ 45,000 subscribers - all consumer board - contracts with 3 hospitals - Midway, Fairview Mt. Sinai.

St. Luke Medical Center - July 1972 start up date

Board of directors operated by physicians group. Will take all risks. Hospital purchased three methods. Working with HUNL. Have defined how much they are willing to lose.

Enrollment objective - 1<sup>st</sup> yr. 5-10,000 - strictly thru

employer groups. About \$55 - for comprehensive coverage.

Nicoll Clinic - Eitel Hosp. - plans & contracts have been

filed - working closely with Aetna Insurance. To be marketed by local insurance cos. - option in portfolio

8% of our  
G.N.P.  
for health  
care.

will market  
+ take risks



Corp. would assume a specified level of risk. 80-20 sharing basis to limit risks.

Pilot City Health Center - 1969 - 18,000 participants - 10,000 active. To serve welfare recipients. \$26.00 per person.

Medicaid Presently Cost basis & Service basis - Medicare on a capitation basis - not so Medicaid in H.P. Right now \$200 per person on AFDC average - 12 yrs of age average. On value per dollar we would get more from an HMO.

Samaritan Hosp. - Northern Pacific Employees. Internal Med. Dept. at U of M.

Blue Cross on Range

Legal Problems. Rick Carlson

State enabling legislation -

Blue shield laws - attacks <sup>Physicians</sup> control & <sup>Physicians</sup> <sup>Drugs</sup> not for form.

Insurance law

HMO's are both insurer & provider

Corporate practice law

Health professional licensure

Advertising & solicitation

Employee choice

Application of <sup>comprehensive</sup> health planning standards

certificate of need legislation

Tom Hunt - Minn. law

Nicollet Clinic - Eitel

Insurance Co. & doctors group would both contract with H.E. Corp. Question of marketing an insurance contract

Sh. L.P. - marketing a contract. A health maintenance contract restricts freedom of choice of provider

2901 O'Henry Road  
Brooklyn Center, MN 55430  
October 27, 1980

Mr. James Knuckey  
6509 Shingle Creek Drive  
Brooklyn Center, MN 55445

Dear Mr. Knuckey:

I am the campaign manager of the Luther Volunteer Committee which is organized to support the reelection of State Senator Bill Luther to the Minnesota Senate in District 45.

I am writing you in your capacity as Chairman of the Maltzen Volunteer Committee. I am also sending copies of this correspondence to candidate Maltzen, your Campaign Treasurer Hustad, and IR Chairman Vern Neppl.

In recent campaign literature widely disseminated in District 45, you, candidate Maltzen, Treasurer Hustad, IR Chairman Neppl, and other persons whose identities are not yet known to us, have violated Minnesota's Criminal Elections Fraud Law, Minnesota Statute §210A.04, which prohibits the distribution of printed matter containing false information with respect to the political acts of a candidate and makes such acts punishable as a gross misdemeanor.

This literature makes numerous false and misleading statements including, but not limited to, the following:

1. That Senator Luther voted to reduce to six years the vesting period for legislative pensions. That statement is false. Senator Luther, on more than one occasion, specifically voted to keep the vesting period at a greater number of years. Moreover, when the six year vesting period was included in a bill, pension benefits were reduced dramatically. The record shows that prior to any consideration of changing the vesting period, Senator Luther was a leader in the Senate in working for reduced legislative pension benefits. In fact, he was one of only seven senators who voted for a major reduction in legislative pensions.
2. That Senator Luther voted to increase the public financing of political campaigns to \$25,000. That statement is false.
3. That Senator Luther voted to establish a new department of state government. That statement is false.
4. That Senator Luther voted to give AFDC recipients a housing allowance plus a renter's credit. That statement is false.



Mr. James Knuckey  
Page 2  
October 27, 1980

5. That Senator Luther voted against excluding the first \$12,000 of pension income from the income tax. That statement is false. The exclusion has been raised from 9 to \$11,000 for all pensioners, including private pensioners who previously had no exclusion.
6. That Senator Luther, in addition to more than doubling his own legislative pay, voted to raise his own per diem to \$40 per day up to 7 days per week. That statement is false. In fact, legislative per diem was decreased when legislative pay was adjusted for increased cost of living.
7. That Senator Luther tries to keep his voting record secret and is indeed a "master at this". That statement is false. As you well know, voting records of State Senators are made public as a matter of law.
8. That Senator Luther voted for a 1980 Energy Assistance Act appropriating \$51.8 million. That statement is false.
9. That it must be election time again because Senator Luther has issued a legislative report. The clear and unambiguous implication of this rhetoric is that Senator Luther has not transmitted any reports to his constituents until some recent time. That statement is false. As you well know, during his legislative service, Senator Luther has transmitted numerous reports to his constituents concerning events in the legislature and his own record.

This literature also makes numerous omissions of material facts which render false and misleading the statements which are made including, but not limited to, the following:

1. That Senator Luther voted to more than double his own salary.
2. That Senator Luther voted against exempting residential heating fuels from the sales tax.
3. That Senator Luther voted against increasing the homestead credit from 45 percent.
4. That Senator Luther voted against reducing the income tax by means of indexing.
5. That Senator Luther voted against adjusting the renter's credit above 20 percent.
6. That Senator Luther voted to increase from \$50 to \$600 the amount of cash assets permitted for any eligibility for welfare.

Mr. James Knuckey  
Page 3  
October 27, 1980

Similar false statements have also been made by candidate Maltzen in recent newspaper articles and oral statements.

As you know, a candidate's propensity for lack of research and for speaking loosely is not a defense for the candidate or campaign officials in a criminal prosecution or other legal proceeding. In like vain, your assurances to Senator Luther earlier this year that you would run a "clean" campaign will not serve to extricate you.

On behalf of Senator Luther and the Luther Volunteer Committee, I hereby demand that you publicly retract the above statements and that you make all possible efforts to recover all pieces of this literature which have been disseminated to voters. In making these demands, Senator Luther and the Luther Volunteer Committee do not waive, in any respect, any and all other available rights, including, but not limited to, the right to refer this matter to the Hennepin County Attorney for presentation to a Grand Jury, issuance of indictments, and prosecution.

Finally, I am advised that you have orally and in writing solicited campaign funds promising contributors a full income tax refund even though no state tax credit is available to them because your campaign has exceeded the spending limits. Accordingly, you and your other campaign officials are guilty of fraud in the solicitation of campaign funds.

Please advise the undersigned immediately as to the steps you are taking relative to the above.

Yours very truly,

David N. Kanatz

cc: Wendy Maltzen  
H. C. Hustad  
Vern Neppi





**National  
Conference  
of State  
Legislatures**

Office of  
State  
Federal  
Relations

444  
North Capitol  
Street, N.W.  
2nd Floor  
Washington, D.C.  
20001  
202/624-5400

President  
Jason Boe  
President of  
The Oregon Senate  
  
Executive Director  
Earl S. Mackey

TO: Chairmen and Members of State Health Committees

FROM: Representative Irving Stolberg, Chairman, *ILB*  
NCSL Committee on Human Resources

DATE: August 17, 1978

I am requesting your assistance on an issue of extreme importance to your State and to the National Conference of State Legislatures. As you know, NCSL has for sometime supported federal legislation designed to control the unacceptable rate of increase in hospital costs. Legislation to curb the rate of increase is essential because hospital costs are increasing at rates well in excess of the rest of the economy, thus greatly exacerbating inflationary pressures.

Perhaps the last opportunity to enact meaningful cost containment legislation during this session of Congress will occur within the United States Senate by August 24. The Senate will consider HR 5285 and S 1391 at that time. (Please refer to the attached background material on these two bills). Senator Gaylord Nelson (D-Wisconsin), however, will offer an amendment which is intended to provide a compromise between the mandatory, immediate federal controls contained in S 1391 and the limited Medicare/Medicaid, routine cost approach represented in HR 5285. For the reasons described in the attached memorandum, NCSL is supporting the Nelson amendment to HR 5285.

Your Senators have been identified as either presently "undecided" or "leaning toward" supporting the Nelson amendment. The various hospital and medical associations are lobbying extremely hard in opposition to the Nelson amendment; consequently, it is all the more imperative that state legislators make their views known on this critical issue. If you can support the NCSL position, I would encourage you to urge your two Senators to vote for the Nelson amendment.

If you have any questions or require further information, please contact Dick Merritt in the NCSL Washington D.C. office (202-624-5413). Also, it would be helpful if you would inform Dick as to how your two Senators intend to vote on the Nelson amendment.

Thank you very much for your assistance.

HOSPITAL COST CONTAINMENTBACKGROUND

In 1977, the U.S. spent \$53 billion for community hospital care, an increase of 15.6 percent over the previous year. This followed increases of 19.1 percent in 1976 and 17.5 percent in 1975. The increase was nearly twice that for other necessities of life--for example, increases for food and clothing rose about 8 percent. During 1977, the average cost of each day of care went up \$22 and the average cost of each stay rose nearly \$140. In the year ending April 1978, the average stay of about seven days cost \$1363.

In order to address the problem of cost inflation in hospitals, the Administration introduced legislation in 1977 to limit the rate of growth in hospital spending to about one-and-one-half times the rate of inflation. To date, three separate congressional committees have taken some form of action on the Administrations proposal, while a fourth--the Senate Finance Committee--has dealt exclusively with its own approach.

The Senate Human Resources Committee bill (S1391) most closely parallels the Administrations initial proposal since it would impose a mandatory, flat ceiling on the amount of increase in hospital revenues on a yearly basis. The Ways and Means Health Subcommittee bill (HR6575) would establish a two year voluntary cost containment program to be followed by mandatory controls limiting increases in hospital revenues to about one-and-one-half times the inflation rate if the voluntary effort failed. The House Commerce Committee recently reported a bill (HR 9717) which simply endorsed a voluntary cost containment effort but contained no sanction in the event the voluntary approach failed.

Meanwhile, the Senate Finance Committee reported out S1470--Medicare and Medicaid Administrative and Reimbursement Reforms. S1470--otherwise known as the Talmadge bill--would establish a new method of reimbursement of routine operating costs (basically, bed, board, and nursing care) under Medicare and Medicaid. The new methodology would establish a system of incentive reimbursement--rewarding hospitals in similar groupings ( i.e. according to bed size and patient load) whose comparable routine operating costs are less than the average and penalizing those hospitals with above average costs. S1470 has subsequently been attached to a tariff bill, HR 5285.

SENATE ACTION (The Nelson Amendment)

While the Talmadge bill proposes needed improvements in the method by which hospitals are reimbursed under Medicare and Medicaid, it is not considered to be a hospital cost containment bill for three primary reasons:

- (1) The new provisions would not become effective until July 1, 1979;
- (2) The new provisions apply only to routine hospital costs (excluding ancillary costs , such as, X-rays, lab costs, etc.,
- (3) The new provisions apply only to Medicare and Medicaid and would not extend to all payors.

Senator Nelson (D-Wisconsin) has offered an amendment which, while not altering the basic approach under the Talmadge bill, would expand the bill to make it a true cost containment measure. Nelson's amendment would make the following changes in HR 5285:

- (1) It would extend the new reimbursement methodology to all costs (ancillary as well as routine) and to all payers (private as well as government).

Rationale:

Controlling only routine costs, and only under Medicare and Medicaid, as the Talmadge bill does, will not effectively curtail the overall rate of hospital cost inflation--rather, it will simply have the effect of pushing increases into ancillary costs and on to other third party payors (including patients themselves).

- (2) It would establish goals for a voluntary hospital cost containment effort to be backed up by mandatory controls if the voluntary effort fails. The voluntary goals set forth under the Nelson Amendment stipulate that hospital expenses (other than wage rate increases for nonsupervisory employees) be held to 2 percent less in 1978 and 4 percent less in 1979 through 1982 than the rate by which such expenses increased in 1977. However, in no case could the goal be less than one-and-one-half times the increase in the GNP deflator (presently the GNP deflator is approximately 7 percent; hence the goal could not be lower than 10.5 percent). (The voluntary goals would apply only to hospitals with 4,000 or more admissions annually).

Rationale

Under a voluntary effort the hospital industry has reduced the annual rate of increase in hospital costs to about 14.5 percent as of April, 1978, compared to 17.5 percent the previous year. However, the current "lower" rate of increase in hospital costs is low only by the standards of the hospital sector. By any other standard, hospital costs are still rising excessively, and the continuing threat of mandatory controls may be the only way to reduce the rate of increase. Without stand-by controls there is little incentive to keep costs down and we would witness unacceptable rates of increases once again.

If the hospital industry is unable to meet the voluntary goals, mandatory controls using the Talmadge reimbursement methodology but extending to all costs and all payers would go into effect.

However, if the national voluntary effort fails, a State would qualify for an exemption from the mandatory controls if it could meet any of the following three conditions:

- (1) The increase in hospital expenses within the State are 2 percent less in 1978 and 4 percent less in 1979 through 1982 as compared with the average national rate of increase;



- (2) The State has in effect a statewide cost containment program that meets or exceeds minimum federal requirements. The State program must:
- cover at least 90 percent of the hospitals (with 4,000 or more annual admissions)
  - cover all revenues for inpatient services, and has applied for at least one year to at least half of those revenues.
  - certifies that the rate of increase in revenues for the hospitals covered will not exceed the nationally permissible rate of increase as determined by the Secretary.
- (3) The State has an approved plan for a hospital cost containment program. Such a plan, in order to be approved, must:
- provide a methodology to contain the rate of increase in revenues for inpatient services at or below the nationally permissible rate of increase as determined by the Secretary.
  - provide a methodology for recovering excess revenues
  - provide sanctions to ensure compliance
  - provide protection against inhibiting wage increases to nonsupervisory employees.

The Nelson bill would authorize \$10 million during FY 79 to assist States in the implementation of an approved hospital cost containment program.

#### ARGUMENTS SUPPORTING COST CONTAINMENT

--Hospital expenditures consume on the average about forty percent of a State's Medicaid budget. Hence, reductions in hospital costs of the magnitude envisioned by the voluntary goals under the Nelson approach would mean substantial dollar savings to State Medicaid programs over the next few years, -- approximately \$1.5 to \$2.0 billion through 1983.

--Total estimated savings to the Nation as a result of the Nelson amendment would range between \$30 to \$35 billion over the next five years.

--Hospital cost containment legislation is designed to attack the problem of unnecessary utilization and expenditures generated by the present irrational hospital care financing policy. Instead of an open-ended budget based on revenues determined by whatever they can spend, limits would be placed on hospital revenues with a reasonable annual increase to accommodate for increases in the general price index and continuing improvements in medical care. Knowing how much revenue will be available, hospitals can then rationally plan their budgets and allocate their resources to produce needed services in the most efficient and effective manner.

--Since such a large portion of hospital costs are paid out of public monies, it is appropriate that there be a public decision about how much public funds are to be spent for health as opposed to other services supported by the public purse.

--Several States have already demonstrated that the cost containment goals set out by the Nelson amendment are reasonable and achievable. Hospital cost containment programs in such States as Maryland, Connecticut, Washington, Massachusetts, Wisconsin, New Jersey, Rhode Island and New York have managed to hold the rate of increase in hospital costs significantly below the national average.

--Federal financial assistance would be available to States to support start-up or developmental costs for the creation of a hospital cost containment program.



## THE PROBLEM OF HOSPITAL COSTS

Expenditures for hospital care have been increasing much more rapidly than any other major item in the consumer market basket.

- The nation's hospital bill jumped from \$3.8 billion in 1950 to \$55.4 billion in 1976 -- a 15-fold increase -- while the GNP increased only 6-fold.
- This comes to \$254 per person or \$890 per family, pushing the total annual medical bill per family to over \$2200.
- In 1976, 8.6% of the GNP went for health care (40% of this for hospital care) compared to only 4.6% in 1950. Expenditures for health care are almost half as much as for food and 30% more than for national defense.
- Since 1965 the rate of increase in hospital costs has accelerated to 15% per year -- doubling every 5 years. If unchecked this growth rate would lead to hospital expenditures of \$220 billion in 1985.
- Since 1965 the cost of an average hospital stay has jumped from less than \$300 to over \$1300.

Hospital costs are the largest and fastest growing portion of medical expenses.

- Today hospital outlays account for 40% of all health care costs compared to just over 30% in 1950.
- Since 1965 the cost of an average day of hospitalization has been increasing twice as fast as the other items in the health care market basket.

Federal, State and local government payments for hospital costs are growing even more rapidly than private payments.

- Today government pays 45% of short-term general hospital costs (55% of all hospital costs) compared to only 25% in 1960.
- Medicare and Medicaid payments for hospitals have grown at an average rate of 19% per year since 1967, jumping by \$4 billion in 1976 alone.

## IMPACT OF RISING HOSPITAL COSTS

Medical costs have become a heavy burden on the average American family and hospitalization can easily be a financial catastrophe.

- The median family income was \$15,000 in 1976. The average health care expenditure per family was over \$2200 -- almost 15% of the median family income.
- Most of this is paid indirectly so that it is not experienced as health care outlays -- yet the financial drain is just as real.
- A quarter of the social security tax goes for Medicare and this is supplemented by general revenues. Medicaid, veterans' health benefits, public hospitals, etc. are financed from Federal, State and local tax dollars. Thus 40% of total health care payments take place through the tax system.
- Most private health insurance -- which pays another 40% of the health bill and 50% of hospital costs -- is obtained as a fringe benefit of employment, and many employees pay only a small part of the actual cost directly. But premium payments by employers drain off funds that might otherwise go to workers in the form of higher wages and pensions. The employer costs are also passed on to employees (as consumers) in the prices for the goods and services produced.
- Those who have to buy their health insurance individually suffer more -- premiums have jumped even faster than group rates.
- Some 18 million Americans have no health insurance coverage at all. Another 19 million -- most with incomes between \$5,000 and \$10,000 -- have only skimpy inadequate insurance. For these groups, any major hospitalization is bound to be a financial disaster.
- Medicare beneficiaries who paid \$40 for their inpatient deductible (that is, their first day's hospital stay) when the program began, now pay \$144. Their other medical costs have also jumped enormously. Consequently, despite Medicare, the aged pay more out-of-pocket today for medical expenses in real dollars (constant) than in 1965.

Rising health costs, especially for hospitalization, have become a major stumbling block to Labor in collective bargaining.

- The rising fringe benefit cost of insurance premiums is taking an ever larger piece out of wage settlements. Management is increasingly reticent to bargain for benefit packages with potentially open-ended costs.
- Union health and welfare trust funds are being depleted by high health care outlays. For example, one of the major issues in the present coal strike is the cut back in health benefits as a result of insolvency in the UMW trust funds.

Business expenditures for employee health benefits are becoming a major cost factor in production and therefore a significant element in competitive pricing and inflation.

- General Motors pays more to Blue Cross than to U.S. Steel.
- The total of direct premium payments and indirect health benefit costs by way of taxes and increased prices of material and services purchased probably is around 8% of production costs for the average manufacturer. This must be passed on to consumers and represents in effect a hidden excise tax. Thus holding down health costs could have a significant impact on price competitiveness and on the general rate of inflation.

Government at all levels is faced with a major squeeze because of health care costs.

- Many States have found it impossible to maintain the level of their Medicaid benefits because of the impact on their budgets. They have had to cut back seriously on eligibility and benefit levels. This results in growing pressure for a complete Federal takeover of Medicaid -- which would result in a major increase in Federal tax dollars for health.
- The Federal budget estimates for Medicare and Medicaid in FY 1979 are up by \$5.2 billion with no significant increase in services. This increment alone is more than HEW's entire social services budget and half as much as its entire education outlays. Such an escalation in uncontrollable costs severely limits any new social programs and threatens the balancing of the Federal budget. The only alternatives -- if effective cost containment is not implemented -- are to raise taxes or to cut back on Federal health benefits, throwing the burden onto the aged and others who are equally vulnerable to rising health costs.

## THE CAUSES OF RISING HOSPITAL COSTS

There are many reasons why hospital expenditures are going up so rapidly. Because these are unique to the health care industry, they require the special approach proposed in the cost containment legislation.

- Some of the causes of rising hospital costs are actually due to the success of medical science: increased longevity and the availability of complex life-sustaining technologies. Obviously, cost containment legislation is designed not to interfere with our advancement in these areas.
- Two aspects of the faulty system for financing hospital care through third-party (insurance) reimbursement are major factors in cost escalation that can potentially be improved without impairing quality or advancement of medical care.

(1) Most hospital bills are paid directly by insurance companies on the basis of cost incurred.

- ° Only 7% of hospital cost are paid directly out-of-pocket
- ° Over 45% of hospital costs are paid out of tax revenues
- ° Almost another 50% is financed by health insurance which in turn is largely paid for as a fringe benefit for employees

Few patients even know what their hospital stays cost. Neither patients nor physicians consider price at the time of a utilization decision because it is already paid for. Thus, ordinary market forces of price competition do not constrain expensive outlays for hospital care.

(2) Hospital expenditures are not limited by their "incomes" in either the sense that businesses competing in the market are or that public services on fixed prospective budgets are. On the contrary, hospital incomes (revenues) are determined by their expenditures (costs). Medicare and most Blue Cross plans and many other private insurers reimburse hospitals retrospectively for whatever costs they incur, i.e., for whatever they decide to spend.



- Most businesses have to attract more customers in a price competitive market to increase their revenues if they are to have more to spend.
- Public services have to obtain a bigger slice of the public budget by convincing legislators that their services are more important in relation to other agencies if they are to have more to spend.
- Hospitals neither have to attract more customers nor convince any public decisionmakers that they deserve more (in spite of the fact that such a large portion of their revenues come either directly or indirectly from public funds). They only have to spend more and their revenues will almost automatically and retrospectively be increased to meet their costs.

Therefore hospitals have no incentive to operate efficiently or to curtail unnecessary expenditures. In fact, many incentives are built into the system that encourage unnecessary or excessive spending on the part of trustees, hospital administrators, physicians, and patients.

- ° Decisions about hospitalization and utilization of services rest with physicians whose training and prestige system leads them to select the most sophisticated and expensive facilities and services.
- ° Hospitals want to have the most advanced facilities and equipment in order to attract medical staff and, hence, patients.
- ° The patients' preference is also usually for the most expensive: it symbolizes the best and the cost seldom affects their own pocketbooks.



STATE OF MINNESOTA

DEPARTMENT OF REVENUE  
CENTENNIAL OFFICE BUILDING  
SAINT PAUL, MINNESOTA 55145  
PHONE:

May 26, 1978

The Honorable Emily Ann Staples, Chairman  
Economic Development Subcommittee  
of the Senate Employment Committee  
Senator - District 43  
Room 23G, State Capitol  
St. Paul, Minnesota 55155

Dear Senator Staples:

As I indicated at the May 24 hearing, I have made the corrections on the draft of my speech. I am attaching a copy that your staff might use in reproduction and distribution to members and panelists on your subcommittee.

If you would like us to reproduce and distribute it to the members of the subcommittee and the panel members, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Arthur C. Roemer".

ARTHUR C. ROEMER  
Commissioner of Revenue

ACR:kjz  
Enclosure

Presented to the Economic Development Subcommittee of the Senate Employment Committee by Arthur C. Roemer, Commissioner of Revenue, May 24, 1978.

Thank you for the opportunity to review our tax policy and express my views about the Minnesota business climate.

A look at recent history indicates that Minnesota has registered dynamic gains in business development. While some companies and industries have left Minnesota, a look at other states has revealed that every state experiences some losses. It is a relationship between new and expanding businesses entering Minnesota to business leaving that establishes a state's economic vitality. Between 1972 and 1976, Minnesota's share of the Nation's industrial plants has increased from 1.69 percent to 1.99 percent.<sup>1</sup> A further look back into history indicates a progressive increase from 1.45 percent in 1954 to 1.55 percent in 1963.

In the case of manufacturing employment, Minnesota's share of the total national manufacturing employment has increased from 1.30 percent in 1954 to 1.45 percent in 1963, 1.59 percent in 1972 and 1.67 percent in 1976.<sup>1</sup> The same increase that has been reflected in manufacturing facilities has reflected itself in job generation. In the period from 1970 to 1977, Minnesota has experienced a gain of 15,000 net manufacturing jobs.<sup>1</sup> Minnesota's share of the total United States employment has increased from 1.77

<sup>1</sup> Source: 1954-72, U.S. Census of Manufacturers  
1976, Sales and Marketing Management Magazine

percent in 1960 to 1.85 percent in 1970 and now stands at 1.94 percent in the latest 1977 tabulation.

A report issued yesterday by the Minnesota Department of Employment and Security indicates that unemployment has dropped to 3.7 percent. This certainly is proof of a healthy state economy.

While historic data can be very beneficial in reviewing business climate, an equally important question is what is the present climate. The statistics indicate that apparently the Minnesota business climate has, in the past, been favorable, which is now reflected in the plants and the jobs that exist in Minnesota. Today's business climate is a factor that is being considered in present and future plant locations, which impact our economy in the future. The term "business climate" includes a multitude of things. My remarks today will largely focus on only one ingredient that makes up business climate--taxes and tax-related topics.

A state's tax climate is not only determined by the types and rates of taxes, but the attitude of business toward those taxes, and the long-range outlook for tax law changes.

The attitude of the Legislature is an important consideration in determining the tax climate. In recent years, Minnesota is being accused of having a poor tax climate. This reputation for a poor tax climate is the result of:

- (1) instability of our tax structure;
- (2) dislike for certain features of the tax laws; and
- (3) generally high taxes.



Part of this may be due to our reputation as a high tax state. Minnesota ranks eighth out of a total 51 jurisdictions (50 states and the District of Columbia) in the amount of state and local taxes paid per person. The people of this state pay \$822.68 per person compared to the national average of \$730.52 per person. <sup>/1</sup>

There are two reasons for Minnesota's relatively high tax ranking. First, the climate results in increased costs of government; and secondly, we have made a commitment to financing services that contribute to a high quality of life. Minnesota spends the fifth highest amount per person for education.

The high quality of life in Minnesota is a distinct asset in attracting business to locate and stay here. But, many businessmen question if the price they have to pay for that quality of life is too high.

The biggest criticism that I hear from businessmen, however, concerns the rapid change, or lack of stability, in our tax laws together with what is seen as a negative legislative attitude toward business.

The 1978 session of the Legislature has made improvements in our tax climate, particularly through the repeal of the employer's excise tax, which perhaps was the most objectionable feature of our tax laws and the reduction in income taxes, particularly the elimination of the 18 percent rate.

<sup>/1</sup> Sources: State Government Finances in 1976, U.S. Bureau of Commerce  
Government Finances in 1975-1976, U.S. Bureau of Commerce

The most frequent criticisms I hear from industry representatives are as follows:

- (1) high individual income tax rates on employees, which results in high wages to offset the taxes employers must pay;
- (2) workmen's compensation payments;
- (3) high corporate tax rates for non-multi state businesses; and
- (4) the property tax classification, which imposes a higher property tax rate on business property than on most other types of property.

In the case of most national firms having facilities in Minnesota, corporate income taxes compare quite favorably to corporate income taxes in other states. This is due to certain features in our tax laws, particularly the option given multi-state firms to use a weighted formula or a simple arithmetic formula in determining the amount of their corporate net income assignable to Minnesota. In most states, the simple arithmetic formula is the sole basis for determining the business earnings taxed in that state. In conversations with tax administrators of other states, they inform me that their business representatives constantly cite Minnesota as a model and business would like to have other states adopt a similar weighted formula. Recently, other states, such as Florida and Wisconsin, have adopted a weighted formula, although the weighting is not as beneficial in those states as in Minnesota.

Also, the 1973 Minnesota Legislature redefined a Minnesota sale to mean a sale delivered or having a destination in Minnesota. This law change resulted in Minnesota business having to assign less of their sales to Minnesota in determining Minnesota's share of their corporate income. Although most states use the destination test in determining where a sale should be assigned, they will include sales shipped from their state to another state, which the state of destination is not able to tax--commonly called the throwback rule. Minnesota does not consider such sales as Minnesota sales.

A recent study entitled Corporate Tax Climate: A Comparison of Sixteen States was published by the Wisconsin Department of Revenue in October, 1977. It compares the total state and local tax burden of six midwestern states--Illinois, Indiana, Wisconsin, Iowa, Minnesota and Michigan--with three well-established major industrial states--Ohio New York and California--and seven rapidly industrialized southern states--Alabama, Georgia, Louisiana, Mississippi, North Carolina, Tennessee and Texas.

Since a state's ranking depends upon the type of business, the mixture of personal property, real estate, labor and other tangible and intangible property, the comparisons were made on six types of business. Using number one as being the highest tax state, Minnesota compared as follows:

paper products company	13th of the 16 states
company engaged in fabricating metal products	10th of the 16 states
machinery manufacturing company	11th of the 16 states
company manufacturing scientific instruments	7th of the 16 states



food manufacturing and  
processing company  
printer publisher

6th of the 16 states  
6th of the 16 states

These are examples of the comparative tax burden of businesses of a type now operating in Minnesota. This study, and others that have been conducted, indicates that Minnesota's taxes on business is not as onerous on multi-state businesses as many allege.

Favorable features of our Minnesota tax laws include the exemption of all personal property, including inventories and attached machinery, from property tax; tax increment financing; and industrial revenue bonds.

In many instances businesses refer to tax incentives given by other states and point out that Minnesota does not provide any of these business incentives. These types of incentives include:

- (1) a property tax moratorium, which may be as high as ten years;
- (2) sales tax exemption on machinery and equipment;
- (3) investment credit; and
- (4) pollution control credits.

A business community not only cites the fiscal advantages but also the fact that such incentives indicate a favorable attitude toward business and generates a feeling of being wanted.

A property tax moratorium on new or expanded business



facilities can be advantageous if funded by the state to the local taxing districts; but, a program that does not call for reimbursement to taxing districts usually means that the costs incurred on behalf of a new business has to be assumed by existing businesses and other property owners. The experience of many sothern states in granting non-reimbursed moratoriums has not been good.

Taxes, however, are only a part of the decision making process that a businessman goes through in determining plant locations. A businessman looking for a cite to locate a new plant may take into consideration different factors than a businessman looking for a place to locate a corporate headquarters. A recent article in Fortune magazine, in September of 1977, summarized a market research study based upon the result of questioning 513 companies on reasons for siting new plant facilities. The principal considerations are as follows:

- (1) proximity to customers, 37 percent;
- (2) efficient transportation facilities  
for materials and products, 36 percent;
- (3) availability of energy supplies, 34 percent;
- (4) productivity of workers, 32 percent; and
- (5) state and local attitude toward taxes  
by business and industry was a consideration  
by 26 percent of the participants.

Those same companies indicated that the most important

factors in locating a corporate headquarters are as follows:

- (1) personal preferences of company executives, 56 percent;
- (2) style of living for employees, 43 percent;
- (3) efficient transportation facilities for people; 33 percent;
- (4) proximity to other plant locations, 34 percent; and
- (5) state and local attitude toward taxes on business and industry was a concern by 33 percent.

It does appear clear that quality of life is perhaps the most important decision in locating a corporate headquarters.

Our corporate income tax rate at 12 percent is the highest in the Nation. This means that a small or middle sized businessman, who does not have out-of-state sales or is not engaged in interstate activities, pays the highest corporate tax in the Nation. A company that is able to utilize destination sales and the weighted formula may pay a lower Minnesota state income tax than the effective rate in many other states.

Lest we become obsessed with the high income tax rate, it should be kept in mind that the proceeds of these income taxes are utilized to reduce the property tax, which perhaps is the most regressive tax of all those imposed by states. The exemption from personal property taxes is a very important factor. In the case of real estate taxes, Minnesota is now very

competitive. A review of the national studies indicates that Minnesota, which ranked 12th in the Nation in 1969 in property taxes paid per capita, has dropped to 24th in fiscal year 1976. The Minnesota per capita property tax payment was \$254.20; this is below the national average of \$265.54.<sup>/1</sup> In addition, these figures do not include the property tax refunds (formerly called circuit breaker) paid directly to our citizens. If these were considered in the rankings, Minnesota would rank even lower. Our sales tax rate of four percent is generally the same as the rate imposed by most states and the coverage with respect to business is average.

As I indicated earlier, taxes are only one of the elements considered by a businessman in management decisions. An astute businessman is usually interested in the bottom line figure. If freight costs are higher than in competing states, this increase must be absorbed elsewhere. Likewise, if taxes or fuel are higher, labor must make up the difference by more production, lower wage rates or economic advantages must exist in the other available factors. The productivity of our labor force is one of the advantages that Minnesota has.

Quality of life is certainly in our favor. These include excellent cultural institutions; good sports activities; clean urban centers; low crime rates; honest government; good transportation

<sup>/1</sup> Source: State Government Finances in 1976, U.S. Bureau of Commerce



facilities; and excellent education facilities at all three levels-- primary, secondary and college. All these are a very important consideration in locational decisions. But, the fact remains, if a company cannot make a profit or cannot make nearly as much a profit if located in this state than in another state, sound business practices requires location elsewhere.

The 1978 Legislature has improved our tax climate through repeal of the employer's excise tax. However, our reputation will not change quickly. This reputation was acquired, legitimately or otherwise, over a period of years and will only change slowly.

The biggest single factor that concerns business is lack of stability. If they plan to build a plant in Minnesota, they want reasonable assurances that they will not be discriminated against in the future or singled out for unusually high tax burdens. Certainly, businessmen assume that property taxes and income taxes will increase proportionately due to inflation and costs of government.

What we must do is analyze those parts of our tax climate that is most objectionable to a business and instill in our business representatives a feeling of confidence in our tax climate.



3/23/82

Dear Emily:

As you see, the party has not forgotten you, at least not according to the Mpls Star.

You probably have been deluged with copies of this from your friends, but just in case you didn't...

I want you to know that I would campaign for you even though I am a member of the GOP Feminist Caucus! (At least half of that appellation is accurate).

Hope you are still enjoying your studies and enjoying Cambridge.

Erma

P.S. We miss you.



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with terrorists boycotting the polls and guerrillas threatening sabotage, the odds are growing against President Duarte's gamble that elections Sunday will end fighting in San Salvador.

Page 5A

## Palestinians' protest goes on

Palestinian violence continued into its fourth day preceding the arrival of an Egyptian diplomat who wants to persuade Israel to move Palestinian autonomy talks out of Jerusalem.

Page 3A

## Churches' rift may be easing

The Anglican church, which broke away from the Roman Catholic church 450 years ago over the issue of papal authority, may be close to recognizing the authority of the pope.

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A couple in Florida, for a fee, acts as surrogate children to senior citizens in Miami's retirement areas. They visit, call, run errands and do what the elderly need in place of children who live in other states.

Page 1B

## ★ SPORT STAR

### Karvonen's life full, and more

Janet Karvonen, "Miss Composure" and all-time leading scorer in Minnesota high school basketball, has been ruffled at times by the demands of her athletic and academic career at Old Dominion University.

Page 1C

## ★ MARKETPLACE

### Texas sales fall with peso

Five years ago, heavy equipment dealers rushed to clear away mesquite and cactus and set up business along the Mexican border, but with the devaluation of the peso, sales are few and far between.

Page 1D



Star Illustration by Kent MacIntosh

# U.S. defense computers old, ailing

By STEVE GROSS  
The Minneapolis Star

Could the United States stumble into a nuclear war by accident?

It's possible because of defects in Air Force computers, according to a recently released congressional committee report.

Once in 1979 and twice in 1980 the computers sounded an alert saying that Soviet missiles had been launched at the United States.

But the computers, located at the North American Air Defense Command in Colorado Springs, were wrong, and fortunately the errors were corrected within minutes.

The underlying flaws in the NORAD computers have never been fixed, says the report. And, according to the report by the House Government Operations Committee, the overworked computers could issue another false

alert, or fail to sound the alert if an attack really occurred.

NORAD's computers are the most important part of the Air Force's worldwide command and control system, because they are the last place where data is assembled and analyzed before the president is told of a nuclear attack, said a spokesman for the staff of the committee. He asked not to be identified because only Chairman

Rep. Jack Brooks, D-Texas, should speak for the committee.

The committee report says that the NORAD computer system is old and is doing a job it wasn't built for. The report also says the computer system's back-up power supply is so unreliable that it could leave the NORAD computers inop-

## NORAD

Turn to Page 2A

# 1982 could be year women complete gubernatorial ticket

By BETTY WILSON  
The Minneapolis Star

The best man for the Minnesota lieutenant governor's job may be a woman.

That's what some leaders of both the Democratic-Farmer-Labor and Independent-Republican parties are saying.

Penty of potential candidates

are looking at the race for the \$38,000-a-year job as lieutenant governor, and party leaders are saying maybe this is the year for a woman.

On the DFL side, Secretary of State Joan Grove appears to have the inside track if the party turns to a female candidate. She is running for re-election, she says, but is

leaving the door open for the lieutenant governor spot if the party beckons. Grove points to the 788,000 votes she polled in 1978, the second-highest on the DFL ticket after Attorney General Warren Spannaus, as evidence that voters are ready for a woman not only as lieutenant governor but also as governor and U.S. senator.

Former state Sen. Emily Staples of Plymouth is another possible DFL candidate for lieutenant governor.

On the IR side, the field is crowded with possible female candidates. Those who have been mentioned include state Sen. Nancy Brataas of Rochester, who ran for party endorsement for lieutenant

governor and lost out to Lou Wangberg in 1978; Roseville Mayor June Demos; state Rep. Sally Olsen of St. Louis Park; Minneapolis City Council members Charlee Hoyt and Sally Howard; Kris Sanda, state director of consumer services; Terry Hoffman, public utilities commissioner and former director of the Pollution Control

Agency; Pat Jensen, former aide to Gov. Al Quie and now community relations director at Pillsbury Co.; Jean King, former executive assistant to Quie and daughter of former Gov. Harold LeVander; former state Sen. Dee Knaak of White

## Race

Turn to Page 9A



Quite, in turn, angered some Democratic-Farmer-Laborites by: cially and legally responsible for wastes already deposited in the for changes in the system that compensates workers for health and accident injuries suffered on al tax credit that would cost them millions of dollars. If Quie vetoes the bill, the con- executive was rebuffed. Still, some legislators from both parties began questioning the wisdom of policies planing law. But ideas in the legisla- tive process take time and nurturing before they bear fruit. That may have started in 1982.

# 1982 may be year women take 2nd spot on ticket

(Race, from Page 1A)

Bear Lake; Kathy Ridder, Metropolitan Council member; and Loanne Thrane, aide to U.S. Sen. Rudy Boschwitz and former state IR chairwoman.

## Executive team

State Commissioner of Agriculture Mark Seetin and former Plymouth Mayor Al Hilde, have been mentioned as possible male candidates among Independent-Republicans.

Governor and lieutenant governor candidates run as a team—voters check one box for both—and the lieutenant governor serves as an "extension" of the governor. The primary requisite, in addition to being qualified to fill the chief executive's shoes, is compatibility with the party's gubernatorial candidate.

Ostensibly state convention delegates pick the lieutenant governor, but the gubernatorial candidate may quietly let his wishes be known.

Both Wangberg, the IR front-runner for governor, and Spannaus, expected to be the DFL-endorsed candidate, say they are remaining neutral about the lieutenant governor candidate selection and would welcome a qualified female running mate.

State IR Chairwoman Dorothy Liljegren says there's a good chance this year that a woman will be endorsed for lieutenant governor in her party. Mary Monahan, state DFL associate chairwoman, said she's hearing more talk about a woman in the job and that the DFL might tap a woman.

But she added, "I suppose people might see a woman as secretary of state more than in the lieutenant governor role."

Douglas Head, coordinator of an



Joan Growe

IR candidates' search committee, said a lot will depend on the mood of the state endorsing convention, June 17-19 in St. Paul, and the kinds of preconvention campaigns conducted for governor and lieutenant governor.

If a strong lieutenant governor candidate emerges by convention time, he or she will have a good shot at the endorsement, said Head, who was the Republican candidate for governor in 1970.

## Statewide balance

If not, that makes it easier for the convention delegates to draft a new candidate for the No. 2 spot. And if the contest in the governor's race has been a hard-fought struggle that divided the party, it's more likely the convention will select the contender who came in second to be the lieutenant governor candidate in an effort to heal the wounds and bring the party back together quickly, Head said.



Nancy Brataas

Delegates at both IR and DFL state conventions also will be weighing how to geographically balance the party ticket. If Spannaus, who is from the Twin Cities, is the DFL gubernatorial candidate, the traditional strategy would call for his running mate to come from outstate. That would put Growe at a disadvantage, since she also is from the Twin Cities area.

And if former Gov. Rudy Perpich decides to run in the DFL primary against the party-endorsed candidate, many believe the party should have a strong lieutenant governor candidate from northern Minnesota to counter the Iron Ranger's strength in the 8th District.

In that case, the party might be inclined to favor someone like state Sen. Douglas Johnson of Cook or Sen. Gerald Willet of Park Rapids. Other possible outstate candidates include Rep. Carl Johnson of St. Peter, former Lt. Gov.

Alec Olson of Spicer, Mankato Mayor Herb Mocal and state Sen. Florian Chmielewski of Sturgeon Lake.

The lieutenant governor spot sometimes is used as a trade-off in behind-the-scenes deals at the state convention. That kind of scenario could center this year on the spirited three-way race for DFL endorsement for attorney general. Former U.S. Attorney Tom Berg of Minneapolis; State Sen. Hubert H. Humphrey III of New Hope and Hennepin County Commissioner Nancy Olkon are in a tight race for party support.

## Compromise ticket

For example, support for one of them for attorney general might be exchanged for support for one of the others for lieutenant governor.

Former state DFL Chairman Ulic Scott said the beauty of a Spannaus-Growe ticket is that it would bring together moderate and progressive factions who were split between President Carter and Sen. Edward Kennedy in 1980. Spannaus headed the Carter-Mondale campaign in the state and Growe led the Kennedy drive.

That team, Scott said, would help unite the party and generate enthusiasm from the Kennedy supporters in the progressive wing of the party.

Is it risky to have a woman on the ticket at a time when the public mood looks so conservative? The DFL historically has won elections by being out front, breaking new ground when traditionalists said voters weren't ready for major changes, Scott said.

On the IR side, if front-runner Wangberg, who comes from Bemidji, is the party standard-bearer, party members may want a candidate from the Twin Cities area or southern Minnesota. And because

Wangberg is "pro life" on the key abortion issue and comes from the conservative wing of the party, delegates might favor a candidate from an urban area with a more moderate position on issues. Brataas would fill that bill. She is from Rochester and, according to her supporters, her pro-choice position on abortion was the reason she lost in 1978. (She also is being encouraged to run for governor by Rochester Republicans.)

Former state IR Chairman Charles Slocum, who urged former President Ford to pick a female running mate in 1976, thinks it's time the party endorsed a woman for lieutenant governor.

There's still a bias that makes it difficult for a woman to run for statewide office, Slocum said, and the party has taken a turn to the right since President Reagan took office. But Independent-Republicans at their 1980 state convention voted against the proposed Equal Rights Amendment and other issues cherished by party feminists, and Slocum doubts that many state delegates would be ready to support a woman for lieutenant governor this year.

It will take some selling, said Slocum. He argues, though, that it would be politically astute for the Independent-Republicans to field a woman this year.

He said that since 1980 there's been a significant erosion of women in the IR Party in urban areas, and having a woman in the No. 2 spot on the party ticket "is a way to demonstrably show this party is open to women."

Women's groups have criticized the Reagan administration, and working women may look at the Republican Party as insensitive to social needs, he said.

Growe, who defeated incumbent

Republican Arlen Erdahl and was elected secretary of state in 1974, was not the first woman to win a statewide office, according to Russell Fridley, Minnesota Historical Society director.

Mrs. Mike Holm, who succeeded her husband as secretary of state in 1952 after he died in office, later was elected to the office.

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## Senate welcomes three new members



Sen. Irv Stern

by Anita L. Neumann  
**Stern**

"Politics is an avocation rather than a profession," according to Irving Stern, the new state senator from District 41.

Stern, who was elected June 19 to fill the seat created by the death of Senator B. Robert Lewis, characterizes himself as a fiscally conservative Democrat with a "deep concern over and strong belief in the provision of human services."

As the former mayor of St. Louis Park, Stern sees many differences between the local and state levels of government.

"At the municipal level you deal constantly in basic human services while the legislature is so different since you're deciding for the whole state." He views the mayor's post as "able to get things done much quicker."

Stern was elected to the mayor's office in 1976 and resigned the position upon assuming his place in the Senate.

"I had no intention of running for the legislature," said Stern. When the vacancy appeared, however, several people approached him, and, believing that "opportunities are very rare," he accepted the challenge.

Stern compared the legislature to a college education stressing that he anticipated "the involvement and opportunity for input" offered by the Senate.

Like many others, the new senator views energy and transportation problems as the main issues this session.

"There is a desperate need for both comprehensive energy and transportation plans," said Stern. He stressed, however, that the main emphasis should be placed on the private sector in order to ensure the most effective implementation of such proposals.

In addition, Stern sees the need to restructure the present disaster relief system. He hopes to see the programs take a more preventative approach to specific problems rather than concentrating solely on "relief after the fact."

The senator cited the flood problem in the Red River Valley of Minnesota as a prime example of how the current programs could be restructured to make certain changes and additions which would do much to prevent the recurring problems in the area.

Another concern outlined by the senator is the necessity of establishing a state rail bank for abandoned rail lines for future uses such as power corridors. Once this access is surrendered "it's just too hard to secure it again," he said.

As a businessman, Stern has been involved in the trucking and leasing businesses, retail store management and solid waste disposal. He said the business climate is one of his areas of special interest, along with tax reform, energy and environment.

Fortunately, corresponding to some of these concerns, the senator's committee assignments include Agriculture and Natural Resources, Energy and Housing, and Transportation. Although his immediate objective is "to learn the job very well," Stern hopes one day to attain a committee chairmanship.

### Barrette

"To learn and to grow" while getting a "feel for the Senate," is the main objective this session for Emery Barrette, the newest member of the Senate.

Barrette, former chairman of the St. Paul School Board and a United Methodist Minister, represents District 66, encompassing much of the east side of St. Paul. Barrette, who joins the Senate minority, defeated DFL opponent Randy Kelly in a special election held January 8 to fill the seat vacated by John Chenoweth who resigned to head the Minneapolis Municipal Employees Retirement Fund.

Having grown up and raised his family in the area he represents, Barrette feels his ties to his community run deep and that he knows the people. Involvement in the Jaycee's and community councils have, he said, deepened his belief that the "people know what's going on."

The new senator's initial interest in politics was spawned indirectly when he chose to become a chaplain in a state workhouse rather than become the pastor of his own church.

It was during the time he spent working in the state prison system that Barrette said he realized "some changes had to be made" within the system.

As a result, he ran for and was elected to the state House of Representatives for one term in 1967. His areas of special interest at the time were health, welfare and corrections, and were reflected in his work on a variety of human rights bills considered during that session.

A few years previously he served one term as chaplain of the state House of Representatives. Barrette did not seek reelection to the House, instead he was asked to run against Joe Karth for 4th District congressman.

Unsuccessful in that attempt, Barrette served on former Governor Harold Levander's "Governor's Crime Commission" (which later became the Crime Control Planning Board), where he emphasized a "metropolitan approach to crime control."

In 1970, Barrette was appointed to fill a vacancy on the St. Paul School Board. He



Photos by Mark M. Nelson



**Sen. Emery Barrette**

was reelected for three terms and has served as board chairman for the last year and a half.

In addition, he served on the Board of Directors of the State High School League and is the Executive Director of the Minnesota Foundation for Better Hearing and Speech.

Upon his election to the Senate, he retained his hearing and speech foundation position, but was forced to relinquish his school board and high school league positions. Giving up these two posts he said, "were two of the hardest things to do" because "you really get to do things," and feel a great sense of accomplishment in administering the law at that level.

Throughout his years of involvement in public affairs, Barrette said he has always "used politics to achieve goals" and views his role in the Senate in that light. Although he sees this session as the "Senate winding down," he hopes to get started on proposals to provide regional services for the handicapped and to bring uniformity to state election ballots.

"I don't know it all, but I have ideas," Barrette said.

One of the new senator's main concerns lies with the present foundation aid formula for the state educational system. The present formula is based on growth, and according to Barrette, some fundamental changes must be made so that the formula reflects the "environment of the day."

which presently is characterized by declining rather than growing enrollments.

In addition, Barrette said, he supports "regional formulas to individualize the needs of different areas," and believes that the legislature must take care to "provide adequate resources" when mandating policy.

Barrette also stresses that he is a firm believer in the "need for an ongoing body to review the educational system" in order to keep state planning in tune with immediate needs.

Fortunately, Barrette's assignment to the Education Committee should provide him with the opportunity for input he desires. The senator also was assigned to the Governmental Operations and Judiciary Committees.

"I love working with people," Barrette said, and credits that and the help of some "fantastic people" in bringing him to the Senate. "I never thought it (the Senate seat) possible eight weeks ago," Barrette said. His family, however, was solid in urging him to seek the seat. Two of his three children, he said, are very interested in holding elective office one day.

Although Barrette said he enjoyed the brevity and excitement of the special election campaign, he admitted that there are "so many things you can't do in a short campaign" and that he is already anticipating the time he will have to knock on doors and work with the people again on his next campaign.

## Stokowski

Anne Stokowski, newly elected to the state Senate from District 55, helped to establish another 'first' in Senate history by bringing the number of women simultaneously serving in the Senate to an all time high of four.

Stokowski, a DFL-er, joins Emily Anne Staples (DFL-Plymouth), Nancy Brataas (IR-Rochester) and Dee Knaak (IR-White Bear Lake) in composing the Senate's female membership this session.

By winning the special election held November 6, Stokowski fills the vacancy created by the death of her husband Eugene last August.

The new senator is emphatic in pointing out that she views her current role as much more than that of a caretaker.

"I'm not seeking to finish Gene's work. I'm seeking this on my own merits because I want to help the elderly, and the youth and the poor families in my district," she said during the campaign.

Her "merits" include extensive involvement in DFL political activities including the management of her husband's 1976 Senate campaign. In addition, she has a record of community involvement spanning 20 years. This involvement includes work in Sacred Heart Catholic Church, the Windom Park Council, PTA, senior citizen services and the Minneapolis Council of Camp Fire Girls for whom she is serving as chairman of the organization's main fund-raising activity, the candy drive. In addition, she is on the organization's

**See Stokowski, page 12**



**Sen. Anne Stokowski is congratulated by Sen. Emily Anne Staples (DFL-Plymouth) after taking office.**