

SENATE  
STATE OF MINNESOTA  
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1137

(SENATE AUTHORS: HANN, Gazelka and Benson)

DATE	D-PG	OFFICIAL STATUS
04/11/2011	1261	Introduction and first reading Referred to State Government Innovation and Veterans
04/28/2011	1531	Comm report: To pass and re-referred to Health and Human Services
05/03/2011	1615a	Comm report: To pass as amended
	1707	Second reading
	3600	Rule 47, returned to Health and Human Services See SF 760, Art. 6, Sec. 1 (vetoed)

1.1 A bill for an act  
1.2 relating to state government; authorizing designation of state agency programs as  
1.3 performance-based organizations; proposing coding for new law in Minnesota  
1.4 Statutes, chapter 15.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[15.996] PERFORMANCE-BASED ORGANIZATIONS.**

1.7 Subdivision 1. **Designation.** The governor may designate one or more programs  
1.8 within the Department of Human Services and within up to two other executive branch  
1.9 state agencies whose missions involve people with disabilities as performance-based  
1.10 organizations. The goal of the performance-based organization designation is to provide  
1.11 the best services in the most cost-effective manner to people with disabilities. For a  
1.12 program that is designated as a performance-based organization, the agency providing  
1.13 services or another governmental or private organization under contract with the agency  
1.14 may enter into a performance-based agreement that allows the agency or the entity under  
1.15 contract with the agency more flexibility in its operations in exchange for a greater level of  
1.16 accountability. With any required legislative approval, a performance-based organization  
1.17 agreement may exempt an agency or an outside entity providing services from one or  
1.18 more procedural laws, rules, or policies that otherwise would govern the program.

1.19 Subd. 2. **Performance-based organization agreement.** Designation of a  
1.20 performance-based organization must be implemented through a performance-based  
1.21 organization agreement. A performance-based organization agreement may be between  
1.22 the governor and an agency, if an agency is to provide services under the agreement, or  
1.23 between an agency and an outside entity, if the outside entity is to provide the services. A  
1.24 performance-based organization agreement must:

(1) describe the programs subject to the agreement;

(2) specify the procedural laws, rules, or policies that will not apply to the performance-based organization, why waiver or variance from these laws, rules, or policies is necessary to achieve desired outcomes, and a description of alternative means of accomplishing the purposes of those laws, rules, or policies;

(3) contain procedures for oversight of the performance-based organization, including requirements and procedures for program and financial audits;

(4) if the performance-based organization involves a nonstate entity, contain provisions governing assumption of liability, and types and amounts of insurance coverage to be obtained;

(5) specify the duration of the agreement; and

(6) specify measurable performance-based outcomes for achieving program goals, time periods during which these outcomes will be measured and reported, and consequences for not meeting the performance-based outcomes.

**Subd. 3. Duration; legislative approval; reporting.** (a) A performance-based organization agreement may be up to three years, and may be renewed.

(b) The chief executive of the state agency whose program is subject to a performance-based organization must report to the chairs and ranking minority members of legislative policy and finance committees with jurisdiction over the program on the proposed content of the performance-based organization, and specifically describing any procedural laws, rules, and policies that will not apply. The legislature must approve a performance-based organization before the state agency may enter into a performance-based agreement.