

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2833

03/13/2012 Authored by Downey

The bill was read for the first time and referred to the Committee on Government Operations and Elections

1.1 A bill for an act
1.2 relating to state government; providing a reform roadmap; proposing coding for
1.3 new law as Minnesota Statutes, chapter 1A.

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

1.5 Section 1. [1A.01] COORDINATION.

1.6 (a) The Legislative Commission on Planning and Fiscal Policy must coordinate the
1.7 legislative role in designing, piloting, implementing, refining, and extending the reform
1.8 roadmap. In its coordination role, the commission may defer to standing committees of
1.9 the legislature to develop proposals for specific initiatives.

1.10 (b) Departments, agencies, and officials in the executive and judicial branches
1.11 must comply with a request of the commission for information and analysis to assist the
1.12 commission in its duties under this chapter.

1.13 (c) As used in this chapter, "commission" means the Legislative Commission on
1.14 Planning and Fiscal Policy, unless the context indicates otherwise.

1.15 Sec. 2. [1A.02] TOP INITIATIVES.

1.16 (a) As initial initiatives, the Legislative Commission on Planning and Fiscal Policy,
1.17 in coordination with standing committees of the legislature, must conduct hearings as
1.18 necessary to monitor initiatives specified in this section and to develop the legislation
1.19 required to support the initiatives as necessary.

1.20 (b) The commissioner of the Department of Management and Budget shall conduct
1.21 an evaluation of all bonding projects previously approved by the legislature and not yet
1.22 started and must prepare and deliver an evaluation report to the commission by December
1.23 31, 2012. The evaluation report must cite the explicit constitutional authority for each

bonding project where the authority exists, and must identify those projects for which no such explicit authority exists. The evaluation report must force rank the projects that are deemed to have constitutional authority and must also recommend a sequential schedule for the projects. Projects lacking constitutional authority must be canceled. The effect of implementing these changes must result in net savings to the state of at least \$40,000,000 for fiscal years 2014 and 2015.

(c) The commissioner of human services must convert state medical assistance programs to a tiered quality and cost system similar to the system used by the state employee group insurance program. \$1,000,000 is appropriated to the Department of Human Services in fiscal year 2013 to begin conversion toward tiered medical assistance yielding at least \$50,000,000 in savings to the state in fiscal year 2013. The Department of Human Services must report to the commission before December 31, 2012, outlining actions already taken to achieve the 2013 savings requirement and future actions planned to achieve the 2014 and 2015 savings requirement. The report must identify and substantiate projected savings. The effect of implementing these changes must result in net savings to the state of at least \$290,000,000 for fiscal years 2014 and 2015.

(d) The commissioner of administration must implement a shared service center that will provide technology, accounting, procurement, payroll, and human resources services to all executive branch state agencies, and will outsource those functions where possible. \$10,000,000 in fiscal year 2013 is appropriated to the Department of Administration to begin implementation of the shared service center in a manner that will result in at least \$20,000,000 in savings to the state in fiscal year 2013. The Department of Administration shall report to the commission before December 31, 2012, outlining actions already taken to achieve the 2013 savings requirement and future actions planned to achieve the savings requirement. The report must identify and substantiate projected savings associated with each action. Implementing these changes must result in net savings to the state of at least \$100,000,000 for fiscal years 2014 and 2015.

(e) \$1,000,000 is appropriated to the Department of Human Services to convert MinnesotaCare to a sliding-scale voucher program allowing recipients to purchase insurance in the private market, across state lines, and with selective bundling of at least 33 percent of state-mandated coverage items. The converted program must result in at least \$50,000,000 in savings to the state in fiscal year 2013. The Department of Human Services must report to the commission before December 31, 2012, outlining actions already taken to achieve the 2013 savings requirement and future actions planned to achieve the savings requirement. The report must identify and substantiate projected

savings associated with each action. Implementing these changes will result in decreased costs to the state of at least \$200,000,000 for fiscal years 2014 and 2015.

(f) \$10,000,000 in fiscal year 2013 is appropriated to the Department of Human Services to consolidate human services delivery agencies from 87 counties to ten regional service delivery authorities. The effect of implementing these changes must result in decreased costs to the state of at least \$50,000,000 for fiscal years 2014 and 2015. The Department of Human Services shall report to the commission before December 31, 2012, outlining actions already taken to achieve savings and future actions planned to achieve future savings. The report must identify and substantiate projected savings associated with each action.

(g) The commissioner of administration must consolidate all state executive agency functions into the following cabinet level agencies: Management and Budget, Education, Health and Human Services, Military Affairs, Agriculture, Transportation, Veterans, Natural Resources, Commerce, and Public Safety. The consolidation must result in at least \$5,000,000 in savings to the state in fiscal year 2013. \$5,000,000 is appropriated to the Department of Administration, which will be responsible for overseeing and executing the consolidation. The Department of Administration shall report to the commission before December 31, 2012, outlining actions already taken to achieve the 2013 savings requirement and future actions planned to achieve the savings requirement. The report must identify and substantiate projected savings associated with each action. Implementing these changes must result in decreased costs to the state of at least \$10,000,000 for fiscal years 2014 and 2015.

(h) The commissioner of management and budget must develop a plan for state workers allowing them to compete to perform state operations unhindered by state administrative and bureaucratic overhead. The new model must result in a minimum of \$1,000,000 in savings to the state in fiscal year 2013. The Department of Management and Budget shall report to the commission before December 31, 2012, outlining actions already taken to achieve the 2013 savings requirement and future actions planned to achieve the savings requirement. The report must identify and substantiate projected savings associated with each action. Implementing these changes must result in decreased costs to the state of at least \$10,000,000 for fiscal years 2014 and 2015.

(i) The commissioner of management and budget shall provide pay and benefits for state employees at the same level as the private sector. \$2,000,000 is appropriated to the Department of Management and Budget to study and implement these modifications. It is estimated that the effect of implementing these changes will result in decreased costs to the state of at least \$150,000,000 for fiscal years 2014 and 2015. The Department of

4.1 Management and Budget shall report to the commission before December 31, 2012,
4.2 outlining actions already taken to achieve savings and future actions planned to achieve
4.3 future savings. The report must identify and substantiate projected savings associated
4.4 with each action.

4.5 (j) Public employee pension reforms beginning in fiscal year 2014 must stack on the
4.6 defined-benefit program's defined contribution benefits at private sector market levels. The
4.7 new model must result in a minimum of at least \$50,000,000 in savings to the state in fiscal
4.8 year 2013. The Department of Management and Budget must report to the commission
4.9 before December 31, 2012, outlining actions already taken to achieve the 2013 savings
4.10 requirement and future actions planned to achieve the savings requirement. Implementing
4.11 these changes must result in decreased costs to the state of at least \$200,000,000 for
4.12 fiscal years 2014 and 2015.

4.13 (k) The Department of Education must offer school districts a package of a four-year
4.14 holiday from state mandates, in combination with new achievement-based funding and the
4.15 option for the district to establish a two-year base wage and benefits freeze for all school
4.16 district employees. Districts will return to the state 35 percent of the savings realized
4.17 under the mandate holiday and optional wage and benefits freeze. The effect of the funds
4.18 returned from the districts to the state will result in decreased costs to the state of at least
4.19 \$500,000,000 for fiscal years 2014 and 2015. The Department of Education must report to
4.20 the commission before December 31, 2012, outlining actions already taken to achieve
4.21 savings and future actions planned to achieve future savings. The report must identify and
4.22 substantiate projected savings associated with each action.

4.23 (l) The University of Minnesota and the Minnesota state colleges and universities
4.24 must reduce overlap through facility and program consolidation across the two systems
4.25 and with K-12 school districts. Higher education funding shall be restructured to 50
4.26 percent direct, 25 percent student grants, and 25 percent student loans. \$20,000,000
4.27 is appropriated to the Office of Higher Education to begin the reduction of overlap.
4.28 Implementing these changes will result in decreased costs to the state of at least
4.29 \$100,000,000 for fiscal years 2014 and 2015. The Office of Higher Education shall deliver
4.30 a report to the commission before December 31, 2012, outlining actions already taken to
4.31 achieve savings and future actions planned to achieve future savings. The report must
4.32 identify and substantiate projected savings associated with each action.

4.33 (m) The Department of Revenue must reform the local government aid program,
4.34 restricting it to public safety and water purposes, with aid to be issued through grants
4.35 that are needs-based and means-tested, and that give priority to shared services. The
4.36 new model must result in a minimum of at least \$50,000,000 in savings to the state in

5.1 fiscal year 2013. The Department of Revenue shall deliver a report to the commission
5.2 before December 31, 2012, outlining actions already taken to achieve the 2013 savings
5.3 requirement and future actions planned to achieve the savings requirement. The
5.4 report must identify and substantiate projected savings associated with each action.
5.5 Implementing these changes must result in decreased costs to the state of at least
5.6 \$500,000,000 for fiscal years 2014 and 2015.

5.7 (n) \$500,000 is appropriated to the Legislative Coordinating Commission for the
5.8 Sunset Advisory Commission to carry out the annual process of sunset review. The Sunset
5.9 Advisory Commission shall report to the commission before December 31, 2012, outlining
5.10 actions already taken and future actions planned to achieve the savings requirement. It is
5.11 estimated that the effect of implementing these changes will result in decreased costs to
5.12 the state of at least \$10,000,000 for fiscal years 2014 and 2015.

5.13 (o) The Department of Education must convert special education funding to a
5.14 response to intervention prevention model, rather than waiting for students to fail. The
5.15 proposals must provide \$1,000,000 to the Department of Education to begin execution
5.16 of the conversion through the piloting of multiple cost reduction strategies and tactics.
5.17 It is estimated that the effect of piloting and implementing these changes will result in
5.18 decreased costs to the state of at least \$100,000,000 for fiscal years 2014 and 2015. The
5.19 Department of Education shall report to the commission before December 31, 2012,
5.20 outlining actions already taken to achieve savings and future actions planned to achieve
5.21 future savings. The report must identify and substantiate projected savings associated
5.22 with each action.

5.23 (p) The Department of Management and Budget must expand pay-for-performance
5.24 and human capital pilot projects to attract voluntary private investment in programs that
5.25 work, rather than paying for programs with taxes. Implementing these changes will result
5.26 in decreased costs to the state of at least \$60,000,000 for fiscal years 2014 and 2015.
5.27 The Department of Management and Budget shall deliver a report to the Legislative
5.28 Commission on Planning and Fiscal Policy before December 31, 2012, outlining actions
5.29 already taken to achieve savings and future actions planned to achieve future savings. The
5.30 report must identify and substantiate projected savings associated with each action.

5.31 **Sec. 3. [1A.03] TIMELINES.**

5.32 (a) This section establishes the timeline for implementation of the reforms and
5.33 initiatives in section 1A.02.

5.34 (b) The legislature anticipates this act will be enacted in 2012, and that before July
5.35 1, 2013:

- 6.1 (1) certain reforms that can be implemented quickly will be completed;
6.2 (2) pilot projects for other reforms will be commenced and evaluated;
6.3 (3) detailed designs and plans will be completed for fiscal years 2014 and 2015; and
6.4 (4) legislation needed to implement the detailed designs and plans for fiscal years
6.5 2014 and 2015 will be enacted in 2013.
- 6.6 (c) The legislature anticipates that before July 1, 2015:
6.7 (1) reform designs and plans will be implemented;
6.8 (2) reform designs and plans will be evaluated and refined;
6.9 (3) extended designs and plans for fiscal years 2016 and 2017 will be developed; and
6.10 (4) legislation needed to implement the extended designs and plans for fiscal years
6.11 2016 and 2017 will be enacted in 2015.
- 6.12 (d) The legislature anticipates that after July 1, 2015, further extended designs and
6.13 plans will be implemented, evaluated, and refined.