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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 289

02/10/2025 Authored by Quam; Davis; Sexton; Anderson, P. H., and Engen
The bill was read for the first time and referred to the Committee on State Government Finance and Policy

A bill for an act

relating to state government; establishing the SAVI program for state agencies to encourage innovation and cost savings; amending Minnesota Statutes 2024, section 16A.28, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 15.

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

Section 1. **[15.761] SAVI PROGRAM.**

Subdivision 1. **Program established.** The state agency value initiative (SAVI) program is established to encourage state agencies to identify cost-effective and efficiency measures in agency programs and operations that result in cost savings for the state. All state agencies, including Minnesota State Colleges and Universities, may participate in this program.

Subd. 2. **Retained savings.** (a) In order to encourage innovation and creative cost savings by state employees, upon approval of the commissioner of management and budget, 50 percent of any appropriations for agency operations that remain unspent at the end of a biennium because of unanticipated innovation, efficiencies, or creative cost-savings may be carried forward and retained by the agency to fund specific agency proposals or projects. Agencies choosing to spend retained savings funds must ensure that project expenditures do not create future obligations beyond the amounts available from the retained savings. The retained savings must be used only to fund projects that directly support the agency's mission. This section does not restrict authority granted by other law to carry forward money for a different period or for different purposes.

(b) This section supersedes any contrary provision of section 16A.28.

Subd. 3. **Special peer review panel; review process.** (a) Each participating agency must organize a peer review panel that will determine which proposal or project receives funding from the SAVI program. The peer review panel must be comprised of department employees who are credited with cost-savings initiatives and department managers. The ratio between managers and department employees must be balanced.

(b) An agency may spend money for a project recommended for funding by the peer review panel after:

(1) the agency has posted notice of spending for the proposed project on the agency website for at least 30 days; and

(2) the commissioner of management and budget has approved spending money from the SAVI account for the project.

(c) Before approving a project, the commissioner of management and budget must submit the request to the Legislative Advisory Commission for its review and recommendation. Upon receiving a request from the commissioner, the Legislative Advisory Commission shall post notice of the request on a legislative website for at least 30 days. Failure of the commission to make a recommendation within this 30-day period is considered a negative recommendation. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

Subd. 4. **SAVI-dedicated account.** Each agency that participates in the SAVI program shall have a SAVI-dedicated account in the special revenue fund, or other appropriate fund as determined by the commissioner of management and budget, into which the agency's savings are deposited. The agency will manage and review projects that are funded from this account. Money in the account is appropriated to the participating agency for purposes authorized by this section.

EFFECTIVE DATE. This section is effective June 30, 2025, and first applies to funds to be carried forward from the biennium ending June 30, 2025, to the biennium beginning July 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 16A.28, subdivision 3, is amended to read:

Subd. 3. **Lapse.** Any portion of any appropriation not carried forward and remaining unexpended and unencumbered at the close of a fiscal year lapses to the fund from which it was originally appropriated. Except as provided in section 15.761, any appropriation

amounts not carried forward and remaining unexpended and unencumbered at the close of a biennium lapse to the fund from which the appropriation was made.

EFFECTIVE DATE. This section is effective June 30, 2025.