

SENATE  
STATE OF MINNESOTA  
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 31

(SENATE AUTHORS: POGEMILLER and Wiger)

DATE	D-PG	OFFICIAL STATUS
01/13/2011	49	Introduction and first reading Referred to State Government Innovation and Veterans

A bill for an act  
relating to state government; streamlining state government; abolishing the  
Department of Employment and Economic Development and the Department  
of Labor and Industry; downsizing the Department of Commerce; establishing  
a task force; requiring establishment of an employee participation committee  
before agency restructuring; requiring reports.

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

Section 1. **REORGANIZATION; GOALS.**

The legislature finds that it is desirable to reorganize state services relating to  
business and employment to achieve the following goals:

(1) sustainable economic development throughout all regions of the state and all  
sectors of the economy to ensure the economic well-being of the state's residents;

(2) growth of the economy of this state that consistently exceeds the national average;

(3) improved delivery of services, including greater efficiency and transparency;

(4) citizen participation in all relevant decision-making processes and at meaningful  
points in the processes;

(5) best position the state, its workforce, its business community, and its educational  
system to meet the needs of a competitive, global, and dynamic economy;

(6) optimal coordination between the state's postsecondary higher education  
institutions and industry; and

(7) streamline state government, including elimination of at least one state  
department.

Sec. 2. **REORGANIZATION; OUTCOMES.**

Reorganization must achieve the following outcomes:

(1) increased citizen access to pertinent, understandable information relating to business and employment;

(2) better citizen representation, access, and information through an office of public information and advocacy;

(3) decentralization of the service delivery system combined with one-stop offering of related services for the benefit of citizens of the state as consumers of services and as persons who are subject to regulation;

(4) flattening the internal organization of the delivery system with processes designed to encourage cooperation, consensus, and participation of management and workers;

(5) the capacity to identify and capture cost savings where those savings can be made without reducing the ability to implement the state's business and employment policy;

(6) the flexibility to enable state and local governments to coordinate and cooperate as well as identify and address existing and emerging business and employment issues of state, national, and international import;

(7) increased accountability by reducing the number of executive administrators reporting directly to the governor through a variety of strategies, including elimination of at least one state department;

(8) a commitment to adequate staff development resources sufficient to implement the reorganization;

(9) increased consumer satisfaction with state services, including licensing and compliance investigations;

(10) increased employment, especially in high-wage industries projected to expand in Minnesota;

(11) reduction in labor shortages in high-wage industries;

(12) increased business development support, including numbers of start-up companies with survival rates beyond five years;

(13) reduced workplace injuries; and

(14) increased development of businesses in emerging sectors, such as bioscience and other green-economy-related businesses.

### Sec. 3. **TASK FORCE.**

Subdivision 1. **Membership.** (a) Within 60 days after the effective date of this section, a facilitator provided by the management analysis division of the Department of Management and Budget shall convene each of the following three groups:

(1) a group consisting of ten to 15 persons from agencies listed in section 5 who are members of the managerial plan established under Minnesota Statutes, section 43A.18,

subdivision 3, appointed by the governor within 30 days after the effective date of this section;

(2) a group consisting of employees from agencies listed in section 5 who are represented by exclusive representatives, selected by the exclusive representatives of employees of those agencies within 30 days after the effective date of this section;

(3) a group consisting of up to ten persons appointed by the speaker of the house and up to ten persons appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate, including at least one person appointed by each appointing authority in each of the following categories:

(i) a representative of labor unions;

(ii) a representative of business;

(iii) a representative of an institution of higher education with expertise in vocational training;

(iv) a representative of an institution of higher education with expertise in career training;

(v) an attorney experienced in workers' compensation law;

(vi) a member of the financial consulting community; and

(vii) a member of the employee placement community.

Organizations, occupations, and industries described in this clause may submit the names of persons they wish considered for appointment to the task force to the appointing authorities. The appointing authorities under this clause must complete their appointments within 30 days of the effective date of this section.

(b) The management analysis division of the Department of Management and Budget shall provide a facilitator for each group.

Subd. 2. **Activities.** (a) Members of the task force established in subdivision 1 shall serve as partners in changing the delivery of state services and the performance of state functions. Each group of the task force shall initially meet separately to develop its own recommendations for a governmental structure to perform the functions and provide the services affected by section 5 in furtherance of the outcomes listed in section 2. A facilitator shall assist each group. Each group must complete its recommendations by October 1, 2011. By September 1, 2011, each group shall select from its membership representatives to a joint committee, as follows:

(1) two representatives from the group established by subdivision 1, clause (1);

(2) three representatives from the group established by subdivision 1, clause (2); and

(3) five representatives from the group established by subdivision 1, clause (3), who must be private citizens.

(b) The governor shall select one of the representatives designated in paragraph (a), clauses (1) to (3), to convene the first meeting of the joint committee by October 1, 2011. The joint committee shall develop a recommendation for a governmental structure to perform the functions and provide the services affected by section 5 in furtherance of the goals and outcomes listed in sections 1 and 2, including ways to measure and track performances on the outcomes established in section 2. The recommendation must address ways to obtain input from local and regional governmental units in order to achieve the coordinated and cooperative outcomes required by section 2. The speaker of the house and the Subcommittee on Committees of the Committee on Rules and Administration of the senate may provide legislative staff support to the joint committee upon its request. A facilitator provided by the management analysis division shall chair meetings of the joint committee and serve as a nonvoting member. The joint committee shall submit its recommendation for reorganization to the governor and the legislature by January 15, 2012.

(c) The joint committee expires after submission of the report.

Sec. 4. **EMPLOYEE PARTICIPATION COMMITTEE.**

(a) By July 1, 2011, exclusive representatives of state employees and agency heads shall establish a committee that includes representatives of state employees and employers within each affected agency. Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members representing bargaining units.

(b) The committee established under paragraph (a) shall:

(1) identify tasks related to agency reorganization and adopt plans for addressing those tasks;

(2) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;

(3) adopt detailed plans for providing retraining for affected employees; and

(4) guide the implementation of the reorganization.

(c) The committee must submit a copy of its plans by January 15, 2012, to the affected commissioners and to the chairs of the legislative committees with primary policy jurisdiction over state government.

(d) The committee expires after submission of the plans required under paragraph (c).

5.1       Sec. 5. **ABOLITION OF AGENCIES, POWERS, AND DUTIES.**

5.2             Subdivision 1. **Agencies.** The Departments of Employment and Economic  
5.3 Development and Labor and Industry are abolished.

5.4             Subd. 2. **Powers and duties.** The following powers and duties of the Department of  
5.5 Commerce are abolished:

5.6               (1) those related to the financial exam division; and

5.7               (2) those related to the market insurance division.

5.8             Subd. 3. **Collective bargaining agreements.** Nothing in this section abrogates  
5.9 or modifies any rights of affected employees under terms of an agreement between an  
5.10 exclusive bargaining representative and the state or one of its appointing authorities.

5.11       Sec. 6. **BUDGET FOR NEXT BIENNIUM.**

5.12             In preparing a proposed budget for the biennium beginning July 1, 2012, the  
5.13 governor shall include an amount to cover the functions performed and services provided  
5.14 by the agencies abolished in section 5, subdivision 1, and the functions abolished in  
5.15 section 5, subdivision 2. The amount allocated for those functions and services must  
5.16 be at least equal to the amount appropriated for those functions and services in fiscal  
5.17 years 2011 and 2012, adjusted for inflation as measured by the Consumer Price Index  
5.18 for Urban Wage Earners and Clerical Workers all items index published by the Bureau  
5.19 of Labor Statistics of the United States Department of Labor. The budget must include  
5.20 an amount for staff development according to Minnesota Statutes, section 43A.045, and  
5.21 a substantial increase in overall expenditures for staff development. The budget may  
5.22 not require the layoff of classified employees or unclassified employees covered by a  
5.23 collective bargaining agreement except as provided in a plan negotiated under Minnesota  
5.24 Statutes, chapter 179A, that provides options to layoff for employees who would be  
5.25 affected. The governor's budget must be in conformance with any reorganization plan  
5.26 enacted by the legislature in 2012 in response to the recommendation submitted by the  
5.27 task force under section 3. If no reorganization plan is enacted in 2012, the governor's  
5.28 budget must take into account the reorganization recommendations of the task force, as  
5.29 well as any additional or alternative recommendations of the governor.

5.30       Sec. 7. **MANAGERIAL POSITION REDUCTIONS.**

5.31             The governor must reduce the number of deputy commissioners, assistant  
5.32 commissioners, and positions designated as unclassified under authority of Minnesota  
5.33 Statutes, section 43A.08, subdivision 1a, due to the reorganization prescribed by this act

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6.1 by an amount that will generate savings to the general fund of \$..... in the biennium  
6.2 ending June 30, 2014, and \$..... in the biennium ending June 30, 2016.

6.3 Sec. 8. **EFFECTIVE DATE.**

6.4 (a) Sections 1 to 4 and 6 are effective the day following final enactment.

6.5 (b) Sections 5 and 7 are effective July 1, 2012.