

## HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **418**

03/09/2011 Authored by Downey, Mazorol, Dettmer, Hancock, Sanders and others  
The bill was read for the first time and referred to the Committee on Government Operations and Elections  
03/16/2011 Adoption of Report: Pass as Amended and re-referred to the Committee on State Government Finance  
05/10/2011 Adoption of Report: Pass and re-referred to the Committee on Ways and Means  
04/23/2012 Adoption of Report: Pass as Amended and Read Second Time

1.1 A bill for an act  
1.2 relating to state government; proposing the Back Office Consolidation Act;  
1.3 requiring a benchmarking study on centralizing accounting, financial reporting,  
1.4 procurement, fleet services, human resources, and payroll functions in the  
1.5 Department of Administration; requiring a report on improvement initiatives.

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

1.7 Section 1. CITATION.

1.8 This act may be known as the "Back Office Consolidation Act."

1.9 Sec. 2. BENCHMARKING STUDIES.

1.10 (a) The commissioner of the Department of Administration must use general funds  
1.11 previously appropriated to the commissioner for the biennium ending June 30, 2013, to  
1.12 contract for a benchmark study resulting in a benchmark report on the efficiency and  
1.13 effectiveness of the following back office functions: accounting; finance; procurement;  
1.14 and human resources, including payroll. The benchmark report shall be completed by  
1.15 November 1, 2012, and shall:

1.16 (1) include an objective comparison of the performance of the state to peer groups  
1.17 and world-class organizations for all business processes in the back office functions  
1.18 specified in this paragraph;

1.19 (2) quantify performance gaps;

1.20 (3) identify hidden costs;

1.21 (4) identify improvement initiatives for the state to increase efficiency and  
1.22 effectiveness;

1.23 (5) suggest a prioritized ranking of the improvement initiatives;

1.24 (6) identify and implement immediate opportunities for savings; and

(7) evaluate a variety of future shared service models, including in-house, co-source, and outsourced.

(b) The commissioner of administration shall provide copies of the benchmark report to the chairs and ranking minority members on the committees in the senate and house of representatives with primary jurisdiction over the Department of Administration.

Sec. 3. **IMPROVEMENT INITIATIVES.**

(a) By January 15, 2013, the commissioner of administration shall submit a report to the chairs and ranking minority members on the committees in the senate and house of representatives with primary jurisdiction over the Department of Administration including:

(1) a plan for implementing the improvement initiatives identified in the benchmarking report during the remainder of the biennium ending June 30, 2013, and during future bienniums; and

(2) any draft legislation that is required to implement the improvements.

(b) The commissioner of administration, in consultation with the commissioner of management and budget and affected agency heads, must identify general fund savings that will occur in executive branch agencies during the biennium ending June 30, 2013, as a result of implementing initiatives identified in the benchmarking report and as a result of consolidation of executive branch information technology services after July 1, 2011. The commissioner of administration may transfer general fund appropriations from agencies in which the savings occurred to the Department of Administration, in an aggregate amount not to exceed the cost of the contract for the benchmark study in section 2.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective the day following final enactment.