

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**      **S.F. No. 1047**

(SENATE AUTHORS: PARRY)

DATE	D-PG	OFFICIAL STATUS
03/25/2011	758	Introduction and first reading (For the Committee on State Government Innovation and Veterans) Referred to Finance
03/29/2011	1029a 1033	Comm report: To pass as amended Second reading
03/30/2011	1066a 1084	Special Order: Amended Laid on table Taken from table
	1084	Third reading Passed
04/07/2011	1227 1228	Returned from House with amendment Senate not concur, conference committee of 5 requested
04/11/2011	1268	Senate conferees Parry; Gazelka; Thompson; Daley; Vandevveer
04/14/2011	1275	House conferees Lanning; Anderson, B.; Benson, M.; Downey; Stensrud
05/18/2011	2211c 2266	Conference committee report, delete everything Point of order Mason's Manual of Legislative Procedure, section 112 Motion to reject CC report, did not prevail Senate adopted CC report and repassed bill
	2267 2730	Third reading House adopted SCC report and repassed bill

A bill for an act

relating to state government financing; establishing the Sunset Advisory Commission; prohibiting legislative liaison positions in state agencies and departments; eliminating assistant commissioner positions and reducing deputy commissioner positions; changing provisions of performance data required in the budget proposal; requiring specific funding information for forecasted programs; implementing zero-based budgeting principles; implementing federal offset program for collection of debts owed to state agencies; continuing the employee salary freeze; providing an HSA-eligible high-deductible health plan for employees and a high-deductible plan for eligible former employees; requiring a 15 percent reduction in the state workforce; requiring verification audit for dependent eligibility for state employee health insurance; requiring a request for proposals for recommendations on state building efficiency, state vehicle management, tax fraud prevention, and strategic sourcing; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 15.057; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16B.03; 43A.08, subdivision 1; 43A.23, subdivision 1; 43A.316, subdivision 8; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 241.01, subdivision 2; 270C.41; Laws 2010, chapter 215, article 6, section 4; proposing coding for new law in Minnesota Statutes, chapters 16A; 16D; 43A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.

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

**ARTICLE 1**

**STATE GOVERNMENT APPROPRIATIONS**

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the

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2.1 appropriations listed under them are available for the fiscal year ending June 30, 2012, or  
 2.2 June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal  
 2.3 year 2013. "The biennium" is fiscal years 2012 and 2013.

2.4 **APPROPRIATIONS**  
 2.5 **Available for the Year**  
 2.6 **Ending June 30**  
 2.7 **2012                      2013**

2.8 **Sec. 2. LEGISLATURE**

2.9 **Subdivision 1. Total Appropriation                      \$        61,732,000 \$        61,732,000**

2.10	<u>Appropriations by Fund</u>		
2.11		<u>2012</u>	<u>2013</u>
2.12	<u>General</u>	<u>61,554,000</u>	<u>61,554,000</u>
2.13	<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>

2.14 The amounts that may be spent for each  
 2.15 purpose are specified in the following  
 2.16 subdivisions.

2.17 **Subd. 2. Senate    20,733,000                      20,733,000**

2.18 **Subd. 3. House of Representatives                      27,874,000                      27,874,000**

2.19 **Subd. 4. Legislative Coordinating Commission                      13,125,000                      13,125,000**

2.20	<u>Appropriations by Fund</u>		
2.21	<u>General</u>	<u>12,947,000</u>	<u>12,947,000</u>
2.22	<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>

2.23 \$120,000 the first year and \$120,000 the  
 2.24 second year are for the support of the  
 2.25 Minnesota Sunset Advisory Commission  
 2.26 established under Minnesota Statutes,  
 2.27 chapter 3D.

2.28 **Sec. 3. GOVERNOR AND LIEUTENANT**  
 2.29 **GOVERNOR    \$        2,859,000 \$        2,859,000**

2.30 (a) By September 1 of each year, the  
 2.31 commissioner of management and budget  
 2.32 shall report to the chairs and ranking  
 2.33 minority members of the senate State  
 2.34 Government Innovation and Veterans Affairs



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4.1	<u>State Government</u>		
4.2	<u>Special Revenue</u>	<u>1,884,000</u>	<u>1,884,000</u>
4.3	<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
4.4	<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

4.5 Of this appropriation, \$65,000 in the first  
4.6 year and \$65,000 in the second year is  
4.7 for transfer to the commissioner of public  
4.8 safety for a grant to the Minnesota County  
4.9 Attorneys Association for prosecutor and law  
4.10 enforcement training.

4.11 **Sec. 6. SECRETARY OF STATE**                      **\$**                      **4,810,000** **\$**                      **4,810,000**

4.12 Any funds available in the account  
4.13 established in Minnesota Statutes, section  
4.14 5.30, pursuant to the Help America Vote Act,  
4.15 are appropriated for the purposes and uses  
4.16 authorized by federal law.

4.17 **Sec. 7. CAMPAIGN FINANCE AND PUBLIC**  
4.18 **DISCLOSURE BOARD**                      **\$**                      **689,000** **\$**                      **689,000**

4.19 **Sec. 8. INVESTMENT BOARD**                      **\$**                      **139,000** **\$**                      **139,000**

4.20 **Sec. 9. ADMINISTRATIVE HEARINGS**                      **\$**                      **7,634,000** **\$**                      **7,504,000**

4.21	<u>Appropriations by Fund</u>		
4.22		<u>2012</u>	<u>2013</u>
4.23	<u>General</u>	<u>384,000</u>	<u>254,000</u>
4.24	<u>Workers'</u>		
4.25	<u>Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>

4.26 \$130,000 in the first year is for the cost  
4.27 of considering complaints filed under  
4.28 Minnesota Statutes, section 211B.32. Until  
4.29 June 30, 2013, the chief administrative  
4.30 law judge may not make any assessment  
4.31 against a county or counties under Minnesota  
4.32 Statutes, section 211B.37. Any amount of  
4.33 this appropriation that remains unspent at

5.1 the end of the biennium must be canceled  
5.2 to the general account of the state elections  
5.3 campaign fund. The base for fiscal year 2014  
5.4 is \$130,000, to be available for the biennium,  
5.5 under the same terms.

5.6 **Sec. 10. OFFICE OF ENTERPRISE**  
5.7 **TECHNOLOGY**

**\$ 4,635,000 \$ 4,635,000**

5.8 During the biennium ending June 30, 2013,  
5.9 the office must not charge fees to a public  
5.10 noncommercial educational television  
5.11 broadcast station for access to the state  
5.12 information infrastructure.

5.13 **Sec. 11. ADMINISTRATION**

5.14 **Subdivision 1. Total Appropriation**

**\$ 17,245,000 \$ 17,245,000**

5.15 The amounts that may be spent for each  
5.16 purpose are specified in the following  
5.17 subdivisions.

5.18 **Subd. 2. Government and Citizen Services**

**14,310,000 14,310,000**

5.19 \$74,000 the first year and \$74,000 the second  
5.20 year are for the Council on Developmental  
5.21 Disabilities.

5.22 \$8,158,000 the first year and \$8,158,000  
5.23 the second year are for office space costs of  
5.24 the legislature and veterans organizations,  
5.25 ceremonial space, and statutorily free space.

5.26 The remaining balances in the: (1)  
5.27 resource recovery account; (2) office supply  
5.28 connections account; and (3) reduce savings  
5.29 monitoring system account are transferred to  
5.30 the general fund.

5.31 **Subd. 3. Administrative Management Support**

**1,460,000 1,460,000**

6.1 **Subd. 4. Public Broadcasting**

**1,475,000 1,475,000**

6.2 (a) The appropriations under this section are  
6.3 to the commissioner of administration for the  
6.4 purposes specified.

6.5 (b) \$890,000 the first year and \$890,000  
6.6 the second year are for matching grants for  
6.7 public television.

6.8 (c) \$152,000 the first year and \$152,000  
6.9 the second year are for public television  
6.10 equipment grants. Equipment or matching  
6.11 grant allocations shall be made after  
6.12 considering the recommendations of the  
6.13 Minnesota Public Television Association.

6.14 (d) \$264,000 the first year and \$264,000 the  
6.15 second year are for community service grants  
6.16 to public educational radio stations.

6.17 (e) \$92,000 the first year and \$92,000 the  
6.18 second year are for equipment grants to  
6.19 public educational radio stations.

6.20 (f) The grants in paragraphs (d) and (e)  
6.21 must be allocated after considering the  
6.22 recommendations of the Association of  
6.23 Minnesota Public Educational Radio Stations  
6.24 under Minnesota Statutes, section 129D.14.

6.25 (g) \$77,000 the first year and \$77,000 the  
6.26 second year are for grants to Minnesota  
6.27 Public Radio, Inc., for upgrades to  
6.28 Minnesota's Emergency Alert and AMBER  
6.29 Alert Systems.

6.30 (h) Any unencumbered balance remaining  
6.31 the first year for grants to public television  
6.32 and radio stations does not cancel and is  
6.33 available for the second year.

7.1 Sec. 12. CAPITOL AREA  
 7.2 ARCHITECTURAL AND PLANNING  
 7.3 BOARD \$ 325,000 \$ 325,000

7.4 Sec. 13. MINNESOTA MANAGEMENT AND  
 7.5 BUDGET \$ 17,073,000 \$ 16,823,000

7.6 \$600,000 the first year and \$600,000 the  
 7.7 second year are for zero-based budgeting  
 7.8 activities.

7.9 \$250,000 the first year is for actuarial studies  
 7.10 required for the early retirement incentives  
 7.11 authorized under Minnesota Statutes, section  
 7.12 43A.347. This is a onetime appropriation.

7.13 Sec. 14. REVENUE

7.14 Subdivision 1. Total Appropriation \$ 124,716,000 \$ 124,766,000

	<u>Appropriations by Fund</u>	
	<u>2012</u>	<u>2013</u>
7.15		
7.16		
7.17	<u>General</u>	<u>120,481,000</u> <u>120,531,000</u>
7.18	<u>Health Care Access</u>	<u>1,749,000</u> <u>1,749,000</u>
7.19	<u>Highway User Tax</u>	
7.20	<u>Distribution</u>	<u>2,183,000</u> <u>2,183,000</u>
7.21	<u>Environmental</u>	<u>303,000</u> <u>303,000</u>

7.22 The amounts that may be spent for each  
 7.23 purpose are specified in subdivisions 2 and 3.

7.24 The commissioner must implement  
 7.25 any reduction in funding by reducing  
 7.26 administrative support functions before any  
 7.27 reduction to compliance and enforcement  
 7.28 programs.

7.29 Subd. 2. Tax System Management 98,742,000 98,742,000

	<u>Appropriations by Fund</u>	
7.30		
7.31	<u>General</u>	<u>94,507,000</u> <u>94,557,000</u>
7.32	<u>Health Care Access</u>	<u>1,749,000</u> <u>1,749,000</u>
7.33	<u>Highway User Tax</u>	
7.34	<u>Distribution</u>	<u>2,183,000</u> <u>2,183,000</u>
7.35	<u>Environmental</u>	<u>303,000</u> <u>303,000</u>

8.1	<u>Subd. 3. Debt Collection Management</u>		<u>25,974,000</u>	<u>25,974,000</u>
8.2	Sec. 15. <u>GAMBLING CONTROL</u>	\$	<u>2,740,000</u>	\$ <u>2,740,000</u>
8.3	<u>These appropriations are from the lawful</u>			
8.4	<u>gambling regulation account in the special</u>			
8.5	<u>revenue fund.</u>			
8.6	Sec. 16. <u>RACING COMMISSION</u>	\$	<u>899,000</u>	\$ <u>899,000</u>
8.7	<u>These appropriations are from the racing</u>			
8.8	<u>and card playing regulation accounts in the</u>			
8.9	<u>special revenue fund.</u>			
8.10	Sec. 17. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>248,000</u>	\$ <u>248,000</u>
8.11	Sec. 18. <u>EXPLORE MINNESOTA TOURISM</u>	\$	<u>7,909,000</u>	\$ <u>7,809,000</u>
8.12	<u>(a) Of this amount, \$10,000 each year is for a</u>			
8.13	<u>grant to the Upper Minnesota Film Office.</u>			
8.14	<u>(b)(1) To develop maximum private sector</u>			
8.15	<u>involvement in tourism, \$500,000 the first</u>			
8.16	<u>year and \$500,000 the second year must</u>			
8.17	<u>be matched by Explore Minnesota Tourism</u>			
8.18	<u>from nonstate sources. Each \$1 of state</u>			
8.19	<u>incentive must be matched with \$3 of private</u>			
8.20	<u>sector funding. Cash match is defined as</u>			
8.21	<u>revenue to the state or documented cash</u>			
8.22	<u>expenditures directly expended to support</u>			
8.23	<u>Explore Minnesota Tourism programs. Up</u>			
8.24	<u>to one-half of the private sector contribution</u>			
8.25	<u>may be in-kind or soft match. The incentive</u>			
8.26	<u>in the first year shall be based on fiscal</u>			
8.27	<u>year 2011 private sector contributions. The</u>			
8.28	<u>incentive in the second year will be based on</u>			
8.29	<u>fiscal year 2012 private sector contributions.</u>			
8.30	<u>This incentive is ongoing.</u>			



9.1 (2) Funding for the marketing grants is  
9.2 available either year of the biennium.  
9.3 Unexpended grant funds from the first year  
9.4 are available in the second year.

9.5 (3) Unexpended money from the general  
9.6 fund appropriations made under this section  
9.7 does not cancel but must be placed in a  
9.8 special marketing account for use by Explore  
9.9 Minnesota Tourism for additional marketing  
9.10 activities.

9.11 (c) \$276,000 the first year and \$276,000 the  
9.12 second year are for the Minnesota Film and  
9.13 TV Board. The appropriation in each year  
9.14 is available only upon receipt by the board  
9.15 of \$1 in matching contributions of money or  
9.16 in-kind contributions from nonstate sources  
9.17 for every \$3 provided by this appropriation,  
9.18 except that each year up to \$50,000 is  
9.19 available on July 1 even if the required  
9.20 matching contribution has not been received  
9.21 by that date.

9.22 (d) \$100,000 the first year is for a grant to the  
9.23 Minnesota Film and TV Board for the film  
9.24 jobs production program under Minnesota  
9.25 Statutes, section 116U.26. This appropriation  
9.26 is available until expended.

9.27 **Sec. 19. MINNESOTA HISTORICAL**  
9.28 **SOCIETY**

9.29 **Subdivision 1. Total Appropriation**                      **\$        20,141,000 \$        20,037,000**

9.30 The amounts that may be spent for each  
9.31 purpose are specified in the following  
9.32 subdivisions.

9.33 **Subd. 2. Education and Outreach**                                      **11,336,000                      11,336,000**

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10.1	<u>Notwithstanding Minnesota Statutes, section</u>		
10.2	<u>138.668, the Minnesota Historical Society</u>		
10.3	<u>may not charge a fee for its general tours at</u>		
10.4	<u>the Capitol, but may charge fees for special</u>		
10.5	<u>programs other than general tours.</u>		
10.6	<b><u>Subd. 3. Preservation and Access</u></b>	<u>8,479,000</u>	<u>8,479,000</u>
10.7	<b><u>Subd. 4. Fiscal Agent</u></b>		
10.8	<u>(a) Minnesota International Center</u>	<u>39,000</u>	<u>39,000</u>
10.9	<u>(b) Minnesota Air National Guard Museum</u>	<u>14,000</u>	<u>-0-</u>
10.10	<u>(c) Minnesota Military Museum</u>	<u>90,000</u>	<u>-0-</u>
10.11	<u>(d) Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
10.12	<u>(e) Hockey Hall of Fame</u>	<u>68,000</u>	<u>68,000</u>
10.13	<u>(f) Balances Forward</u>		
10.14	<u>Any unencumbered balance remaining in</u>		
10.15	<u>this subdivision the first year does not cancel</u>		
10.16	<u>but is available for the second year of the</u>		
10.17	<u>biennium.</u>		
10.18	<b><u>Subd. 5. Fund Transfer</u></b>		
10.19	<u>The Minnesota Historical Society may</u>		
10.20	<u>reallocate funds appropriated in and between</u>		
10.21	<u>subdivisions 2 and 3 for any program</u>		
10.22	<u>purposes and the appropriations are available</u>		
10.23	<u>in either year of the biennium.</u>		
10.24	<b><u>Sec. 20. BOARD OF THE ARTS</u></b>		
10.25	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 6,672,000</u></b>	<b><u>\$ 6,672,000</u></b>
10.26	<u>The amounts that may be spent for each</u>		
10.27	<u>purpose are specified in the following</u>		
10.28	<u>subdivisions.</u>		
10.29	<b><u>Subd. 2. Operations and Services</u></b>	<u>504,000</u>	<u>504,000</u>
10.30	<b><u>Subd. 3. Grants Program</u></b>	<u>4,266,000</u>	<u>4,266,000</u>
10.31	<b><u>Subd. 4. Regional Arts Councils</u></b>	<u>1,902,000</u>	<u>1,902,000</u>

11.1 Sec. 21. MINNESOTA HUMANITIES  
11.2 CENTER \$ 1,350,000 \$ 1,350,000

11.3 \$246,000 the first year and \$246,000 the  
11.4 second year are for a grant to the Council  
11.5 on Black Minnesotans established under  
11.6 Minnesota Statutes, section 3.9225, for the  
11.7 duties of the council.

11.8 \$214,000 the first year and \$214,000 the  
11.9 second year are for a grant to the Council on  
11.10 Asian-Pacific Minnesotans established under  
11.11 Minnesota Statutes, section 3.9226, for the  
11.12 duties of the council.

11.13 \$231,000 the first year and \$231,000 the  
11.14 second year are for a grant to the Council  
11.15 on the Affairs of Chicano/Latino People  
11.16 established under Minnesota Statutes, section  
11.17 3.9223, for the duties of the council.

11.18 \$422,000 the first year and \$422,000 the  
11.19 second year are for a grant to the Indian  
11.20 Affairs Council established under Minnesota  
11.21 Statutes, section 3.922, for the duties of the  
11.22 council. The grant must include \$...,000  
11.23 each year for a cultural resources specialist  
11.24 to assist the council with the duties assigned  
11.25 to it relating to Indian burial grounds under  
11.26 Minnesota Statutes, section 307.08.

11.27 By January 15 of each year, each council  
11.28 receiving a grant under this section shall  
11.29 submit a report to the chairs and ranking  
11.30 minority members of the legislative  
11.31 committees with jurisdiction over the  
11.32 council. The report must describe the results  
11.33 obtained with the use of the grant, including  
11.34 a description and evaluation of how the

12.1 council accomplished its statutory duties in  
 12.2 the preceding year.

12.3 Sec. 22. **PUBLIC FACILITIES AUTHORITY** \$ 82,000 \$ 82,000

12.4 For the small community wastewater  
 12.5 treatment program under Minnesota Statutes,  
 12.6 chapter 446A.

12.7 Sec. 23. **SCIENCE MUSEUM OF**  
 12.8 **MINNESOTA** \$ 1,009,000 \$ 1,009,000

12.9 Sec. 24. **TORT CLAIMS** \$ 161,000 \$ 161,000

12.10 These appropriations are to be spent by the  
 12.11 commissioner of management and budget  
 12.12 according to Minnesota Statutes, section  
 12.13 3.736, subdivision 7. If the appropriation for  
 12.14 either year is insufficient, the appropriation  
 12.15 for the other year is available for it.

12.16 Sec. 25. **MINNESOTA STATE RETIREMENT**  
 12.17 **SYSTEM**

12.18 **Subdivision 1. Total Appropriation** \$ 3,122,000 \$ 3,185,000

12.19 The amounts that may be spent for each  
 12.20 purpose are specified in the following  
 12.21 subdivisions.

12.22 **Subd. 2. Legislators** 2,650,000 2,704,000

12.23 Under Minnesota Statutes, sections 3A.03,  
 12.24 subdivision 2; 3A.04, subdivisions 3 and 4;  
 12.25 and 3A.115.

12.26 **Subd. 3. Constitutional Officers** 472,000 481,000

12.27 Under Minnesota Statutes, section 352C.001.

12.28 If an appropriation in this section for either  
 12.29 year is insufficient, the appropriation for the  
 12.30 other year is available for it.

13.1 Sec. 26. **MERF DIVISION ACCOUNT** \$ 22,750,000 \$ 22,750,000



14.3 must not exceed \$29,000,000 in fiscal year  
 14.4 2012 and \$29,000,000 in fiscal year 2013.

14.5 **Sec. 31. GENERAL CONTINGENT**  
 14.6 **ACCOUNTS**

	<b><u>\$</u></b>	<b><u>1,000,000</u></b>	<b><u>\$</u></b>	<b><u>500,000</u></b>
14.7	<u>Appropriations by Fund</u>			
14.8		<u>2012</u>	<u>2013</u>	
14.9	<u>General</u>	<u>500,000</u>	<u>-0-</u>	
14.10	<u>State Government</u>			
14.11	<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>	
14.12	<u>Workers'</u>			
14.13	<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>	

14.14 (a) The appropriations in this section  
 14.15 may only be spent with the approval of  
 14.16 the governor after consultation with the  
 14.17 Legislative Advisory Commission pursuant  
 14.18 to Minnesota Statutes, section 3.30.

14.19 (b) If an appropriation in this section for  
 14.20 either year is insufficient, the appropriation  
 14.21 for the other year is available for it.

14.22 (c) If a contingent account appropriation  
 14.23 is made in one fiscal year, it should be  
 14.24 considered a biennial appropriation.

14.25 **Sec. 32. PROBLEM GAMBLING APPROPRIATION.**

14.26 \$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from  
 14.27 the lottery prize fund to the Gambling Control Board for a grant to the state affiliate  
 14.28 recognized by the National Council on Problem Gambling. The affiliate must provide  
 14.29 services to increase public awareness of problem gambling, education and training for  
 14.30 individuals and organizations providing effective treatment services to problem gamblers  
 14.31 and their families, and research relating to problem gambling. These services must be  
 14.32 complimentary to and not duplicative of the services provided through the problem  
 14.33 gambling program administered by the commissioner of human services.

14.34 **Sec. 33. SAVINGS; APPROPRIATION REDUCTION.**

15.1 Subdivision 1. **Executive and judicial branch agencies.** The commissioner of  
 15.2 management and budget must reduce general fund appropriations to executive and

15.3 judicial branch agencies for agency operations for the biennium ending June 30, 2013, by  
15.4 \$475,404,000 To the greatest extent possible, these reductions must come from savings  
15.5 provided by the reforms, efficiencies, and cost-savings measures contained in this act,  
15.6 including:

- 15.7 (1) reduction in the number of full-time equivalent employees;  
15.8 (2) salary and benefit changes;  
15.9 (3) elimination of deputy and assistant commissioner positions;  
15.10 (4) operational efficiencies and cost savings obtained under contracts with vendors;  
15.11 and  
15.12 (5) verification of dependent eligibility for state employee group insurance coverage.

15.13 If operational efficiencies and cost savings obtained under contracts with vendors  
15.14 yield savings in dedicated funds other than those established in the state constitution or  
15.15 protected by federal law, the commissioner of management and budget may transfer  
15.16 the amount of savings to the general fund. Reductions made in 2013 must be reflected  
15.17 as reductions in agency base budgets for fiscal years 2014 and 2015. The commissioner  
15.18 of management and budget must report to the chairs and ranking minority members of  
15.19 the senate Finance Committee and the house of representatives Ways and Means and  
15.20 Finance Committees regarding the amount of reductions in spending by each agency  
15.21 under this section.

15.22 Subd. 2. **Legislature.** The commissioner of management and budget must reduce  
15.23 general fund appropriations to the legislature for the biennium ending June 30, 2013, by  
15.24 \$2,130,000. To the greatest extent possible, these reductions must come from savings  
15.25 provided by the salary and benefit changes contained in this act.

15.26 The commissioner must provide notice of proposed reductions under this subdivision  
15.27 to the Legislative Advisory Commission 30 days before the reductions take effect.

## 15.28 **ARTICLE 2**

### 15.29 **MILITARY AFFAIRS AND VETERANS AFFAIRS**

#### 15.30 Section 1. **APPROPRIATIONS.**

15.31 The sums shown in the columns marked "Appropriations" are appropriated to the  
15.32 agencies and for the purposes specified in this article. The appropriations are from the  
15.33 general fund and are available for the fiscal years indicated for each purpose. The figures  
15.34 "2012" and "2013" used in this article mean that the appropriations listed under them are  
15.35 available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The  
16.1 first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is  
16.2 fiscal years 2012 and 2013.

16.3	<u>APPROPRIATIONS</u>		
16.4	<u>Available for the Year</u>		
16.5	<u>Ending June 30</u>		
16.6	<u>2012</u>		<u>2013</u>
16.7	Sec. 2. <b><u>MILITARY AFFAIRS</u></b>		
16.8	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 20,871,000</u></b>	<b><u>\$ 20,871,000</u></b>
16.9	<u>The amounts that may be spent for each</u>		
16.10	<u>purpose are specified in the following</u>		
16.11	<u>subdivisions.</u>		
16.12	<b><u>Subd. 2. Maintenance of Training Facilities</u></b>	<u>6,660,000</u>	<u>6,660,000</u>
16.13	<b><u>Subd. 3. General Support</u></b>	<u>2,363,000</u>	<u>2,363,000</u>
16.14	<b><u>Subd. 4. Enlistment Incentives</u></b>	<u>11,848,000</u>	<u>11,848,000</u>
16.15	<u>\$1,500,000 each year is for the National</u>		
16.16	<u>Guard's tuition reimbursement program. This</u>		
16.17	<u>is a onetime appropriation.</u>		
16.18	<u>If appropriations for either year of the</u>		
16.19	<u>biennium are insufficient, the appropriation</u>		
16.20	<u>from the other year is available. The</u>		
16.21	<u>appropriations for enlistment incentives are</u>		
16.22	<u>available until expended.</u>		
16.23	Sec. 3. <b><u>VETERANS AFFAIRS</u></b>		
16.24	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 57,795,000</u></b>	<b><u>\$ 58,595,000</u></b>
16.25	<u>Appropriations by Fund</u>		
16.26		<u>2012</u>	<u>2013</u>
16.27	<u>General</u>	<u>57,695,000</u>	<u>58,595,000</u>
16.28	<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>
16.29	<u>The amounts that may be spent for each</u>		
16.30	<u>purpose are specified in the following</u>		
16.31	<u>subdivisions.</u>		
16.32	<b><u>Subd. 2. Veterans Services</u></b>	<u>13,879,000</u>	<u>13,779,000</u>
17.1	<u>Appropriations by Fund</u>		
17.2		<u>2012</u>	<u>2013</u>



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17.3	<u>General</u>	<u>13,779,000</u>	<u>13,779,000</u>
17.4	<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>
17.5	<u>\$100,000 in the first year is from the</u>		
17.6	<u>"Support Our Troops" account established</u>		
17.7	<u>under Minnesota Statutes, section 190.19,</u>		
17.8	<u>subdivision 2a, for a grant to the Minnesota</u>		
17.9	<u>Assistance Council for Veterans. This is a</u>		
17.10	<u>onetime appropriation.</u>		
17.11	<u>\$945,000 each year is for the higher</u>		
17.12	<u>education veterans assistance program under</u>		
17.13	<u>Minnesota Statutes, section 197.585. This is</u>		
17.14	<u>a onetime appropriation.</u>		
17.15	<u>The amount appropriated from the general</u>		
17.16	<u>fund under Minnesota Statutes, section</u>		
17.17	<u>197.791, subdivision 6, to pay benefit</u>		
17.18	<u>amounts under Minnesota Statutes, section</u>		
17.19	<u>197.791, subdivision 5, must not exceed</u>		
17.20	<u>\$...,000 the first year and \$...,000 the second</u>		
17.21	<u>year. If the appropriation under Minnesota</u>		
17.22	<u>Statutes, section 197.791, subdivision 6, is</u>		
17.23	<u>insufficient for either year of the biennium,</u>		
17.24	<u>the appropriation from the other year is</u>		
17.25	<u>available for it.</u>		
17.26	<u>\$353,000 each year is for grants to the</u>		
17.27	<u>following congressionally chartered veterans</u>		
17.28	<u>service organizations, as designated by the</u>		
17.29	<u>commissioner: Disabled American Veterans,</u>		
17.30	<u>Military Order of the Purple Heart, the</u>		
17.31	<u>American Legion, Veterans of Foreign Wars,</u>		
17.32	<u>Vietnam Veterans of America, AMVETS,</u>		
17.33	<u>and Paralyzed Veterans of America. This</u>		
17.34	<u>funding must be allocated in direct proportion</u>		
18.1	<u>to the funding currently being provided by</u>		
18.2	<u>the commissioner to these organizations.</u>		
18.3	<b>Subd. 3. <u>Veterans Homes</u></b>	<u>43,916,000</u>	<u>44,816,000</u>

18.4 **Veterans Homes Special Revenue Account.**

18.5 The general fund appropriations made to  
18.6 the department may be transferred to a  
18.7 veterans homes special revenue account in  
18.8 the special revenue fund in the same manner  
18.9 as other receipts are deposited according  
18.10 to Minnesota Statutes, section 198.34, and  
18.11 are appropriated to the department for the  
18.12 operation of veterans homes facilities and  
18.13 programs.

18.14 Sec. 4. Laws 2010, chapter 215, article 6, section 4, is amended to read:

18.15 Sec. 4. **VETERANS HOMES**

18.16 Of the appropriation in Laws 2009, chapter  
18.17 94, article 3, section 2, subdivision 3, or from  
18.18 funds carried forward from fiscal year 2009:

18.19 (1) ~~\$1,000,000~~ \$800,000 in fiscal year 2011

18.20 is for operational expenses related to the  
18.21 21-bed addition at the Fergus Falls Veterans  
18.22 Home and \$200,000 is for start-up costs at  
18.23 the Minneapolis adult day care center, and  
18.24 any money unspent at the end of fiscal year  
18.25 2011 for either of these purposes carries  
18.26 forward and is available in fiscal year 2012;

18.27 and

18.28 (2) \$113,000 in fiscal year 2011 is for start-up  
18.29 expenses related to the opening of an adult  
18.30 ~~daycare~~ day care facility at the Minneapolis  
18.31 Veterans Home.

18.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.1 Sec. 5. **REPEALER.**

19.2 Minnesota Statutes 2010, section 197.585, subdivision 5, is repealed.

19.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

ARTICLE 3

STATE GOVERNMENT

Section 1. [3D.01] SHORT TITLE.

This chapter may be cited as the "Minnesota Sunset Act."

Sec. 2. [3D.02] DEFINITIONS.

Subdivision 1. Scope. The definitions in this section apply to this chapter.

Subd. 2. Advisory committee. "Advisory committee" means a committee, council, commission, or other entity created under state law whose primary function is to advise a state agency.

Subd. 3. Commission. "Commission" means the Sunset Advisory Commission.

Subd. 4. State agency. "State agency" means an agency expressly made subject to this chapter.

Sec. 3. [3D.03] SUNSET ADVISORY COMMISSION.

Subdivision 1. Membership. The Sunset Advisory Commission consists of 12 members appointed as follows:

(1) five senators and one public member, appointed according to the rules of the senate, with no more than three senators from the majority caucus; and

(2) five members of the house of representatives and one public member, appointed by the speaker of the house, with no more than three of the house of representatives members from the majority caucus.

Subd. 2. Public member restrictions. An individual is not eligible for appointment as a public member if the individual or the individual's spouse is:

(1) regulated by a state agency that the commission will review during the term for which the individual would serve;

(2) employed by, participates in the management of, or directly or indirectly has more than a ten percent interest in a business entity or other organization regulated by a state agency the commission will review during the term for which the individual would serve; or

(3) required to register as a lobbyist under chapter 10A because of the person's activities for compensation on behalf of a profession or entity related to the operation of an agency under review.

Subd. 3. Removal. (a) It is a ground for removal of a public member from the commission if the member does not have the qualifications required by subdivision 2

20.6 for appointment to the commission at the time of appointment or does not maintain the  
20.7 qualifications while serving on the commission. The validity of the commission's action is  
20.8 not affected by the fact that it was taken when a ground for removal of a public member  
20.9 from the commission existed.

20.10 (b) Except as provided in paragraph (a), a public member may be removed only as  
20.11 provided in section 15.0575, subdivision 4.

20.12 Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing  
20.13 authority. Public members serve two-year terms expiring the first Monday in January of  
20.14 each odd-numbered year.

20.15 Subd. 5. **Limits.** Members are subject to the following restrictions:

20.16 (1) after an individual serves four years on the commission, the individual is not  
20.17 eligible for appointment to another term or part of a term;

20.18 (2) a legislative member who serves a full term may not be appointed to an  
20.19 immediately succeeding term; and

20.20 (3) a public member may not serve consecutive terms, and, for purposes of this  
20.21 prohibition, a member is considered to have served a term only if the member has served  
20.22 more than one-half of the term.

20.23 Subd. 6. **Appointments.** Appointments must be made before the first Monday in  
20.24 January of each odd-numbered year.

20.25 Subd. 7. **Legislative members.** If a legislative member ceases to be a member  
20.26 of the legislative body from which the member was appointed, the member vacates  
20.27 membership on the commission.

20.28 Subd. 8. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a  
20.29 person to serve for the remainder of the unexpired term in the same manner as the original  
20.30 appointment.

20.31 Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding  
20.32 officers.

20.33 Subd. 10. **Quorum; voting.** Seven members of the commission constitute a  
20.34 quorum. A final action or recommendation may not be made unless approved by a  
20.35 recorded vote of at least seven members. All other actions by the commission shall be  
20.36 decided by a majority of the members present and voting.

21.1 Subd. 11. **Compensation.** Each public member shall be reimbursed for expenses  
21.2 as provided in section 15.0575. Compensation for legislators is as determined by the  
21.3 members' legislative chamber.

21.4 Sec. 4. **[3D.04] STAFF.**

21.5 The Legislative Coordinating Commission shall provide staff and administrative  
21.6 services for the commission.

21.7 Sec. 5. **[3D.05] RULES.**

21.8 The commission may adopt rules necessary to carry out this chapter.

21.9 Sec. 6. **[3D.06] AGENCY REPORT TO COMMISSION.**

21.10 Before September 1 of the odd-numbered year before the year in which a state  
21.11 agency is sunset, the agency commissioner shall report to the commission:

21.12 (1) information regarding the application to the agency of the criteria in section  
21.13 3D.10;

21.14 (2) a priority-based budget for the agency;

21.15 (3) an inventory of all boards, commissions, committees, and other entities related  
21.16 to the agency; and

21.17 (4) any other information that the agency commissioner considers appropriate or that  
21.18 is requested by the commission.

21.19 Sec. 7. **[3D.07] COMMISSION DUTIES.**

21.20 Before January 1 of the year in which a state agency subject to this chapter and its  
21.21 advisory committees are sunset, the commission shall:

21.22 (1) review and take action necessary to verify the reports submitted by the agency;  
21.23 and

21.24 (2) conduct a review of the agency based on the criteria provided in section 3D.10  
21.25 and prepare a written report.

21.26 Sec. 8. **[3D.08] PUBLIC HEARINGS.**

21.27 Before February 1 of the year a state agency subject to this chapter and its advisory  
21.28 committees are sunset, the commission shall conduct public hearings concerning but not  
21.29 limited to the application to the agency of the criteria provided in section 3D.10.

21.30 Sec. 9. **[3D.09] COMMISSION REPORT.**

22.1 By February 1 of each even-numbered year, the commission shall present to the  
22.2 legislature and the governor a report on the agencies and advisory committees reviewed.  
22.3 In the report the commission shall include:

22.4 (1) its findings regarding the criteria prescribed by section 3D.10;

22.5 (2) its recommendations based on the matters prescribed by section 3D.11; and

22.6 (3) other information the commission considers necessary for a complete review  
22.7 of the agency.

22.8 Sec. 10. **[3D.10] CRITERIA FOR REVIEW.**

22.9 The commission and its staff shall consider the following criteria in determining  
22.10 whether a public need exists for the continuation of a state agency or its advisory  
22.11 committees or for the performance of the functions of the agency or its advisory  
22.12 committees:

22.13 (1) the efficiency and effectiveness with which the agency or the advisory committee  
22.14 operates;

22.15 (2) an identification of the mission, goals, and objectives intended for the agency or  
22.16 advisory committee and of the problem or need that the agency or advisory committee  
22.17 was intended to address and the extent to which the mission, goals, and objectives have  
22.18 been achieved and the problem or need has been addressed;

22.19 (3) an identification of any activities of the agency in addition to those granted by  
22.20 statute and of the authority for those activities and the extent to which those activities  
22.21 are needed;

22.22 (4) an assessment of authority of the agency relating to fees, inspections,  
22.23 enforcement, and penalties;

22.24 (5) whether less restrictive or alternative methods of performing any function that  
22.25 the agency performs could adequately protect or provide service to the public;

22.26 (6) the extent to which the jurisdiction of the agency and the programs administered  
22.27 by the agency overlap or duplicate those of other agencies, the extent to which the agency  
22.28 coordinates with those agencies, and the extent to which the programs administered by the  
22.29 agency can be consolidated with the programs of other state agencies;

22.30 (7) the promptness and effectiveness with which the agency addresses complaints  
22.31 concerning entities or other persons affected by the agency, including an assessment of the  
22.32 agency's administrative hearings process;

22.33 (8) an assessment of the agency's rulemaking process and the extent to which the  
22.34 agency has encouraged participation by the public in making its rules and decisions and  
22.35 the extent to which the public participation has resulted in rules that benefit the public;

23.1 (9) the extent to which the agency has complied with federal and state laws and  
23.2 applicable rules regarding equality of employment opportunity and the rights and privacy  
23.3 of individuals, and state law and applicable rules of any state agency regarding purchasing  
23.4 guidelines and programs for historically underutilized businesses;

23.5 (10) the extent to which the agency issues and enforces rules relating to potential  
23.6 conflicts of interest of its employees;

23.7 (11) the extent to which the agency complies with chapter 13 and follows records  
23.8 management practices that enable the agency to respond efficiently to requests for public  
23.9 information; and

23.10 (12) the effect of federal intervention or loss of federal funds if the agency is  
23.11 abolished.

23.12 Sec. 11. **[3D.11] RECOMMENDATIONS.**

23.13 (a) In its report on a state agency, the commission shall:

23.14 (1) make recommendations on the abolition, continuation, or reorganization of each  
23.15 affected state agency and its advisory committees and on the need for the performance of  
23.16 the functions of the agency and its advisory committees;

23.17 (2) make recommendations on the consolidation, transfer, or reorganization of  
23.18 programs within state agencies not under review when the programs duplicate functions  
23.19 performed in agencies under review; and

23.20 (3) make recommendations to improve the operations of the agency, its policy body,  
23.21 and its advisory committees, including management recommendations that do not require  
23.22 a change in the agency's enabling statute.

23.23 (b) The commission shall include the estimated fiscal impact of its recommendations  
23.24 and may recommend appropriation levels for certain programs to improve the operations  
23.25 of the state agency.

23.26 (c) The commission shall have drafts of legislation prepared to carry out the  
23.27 commission's recommendations under this section, including legislation necessary  
23.28 to continue the existence of agencies that would otherwise sunset if the commission  
23.29 recommends continuation of an agency.

23.30 (d) After the legislature acts on the report under section 3D.09, the commission shall  
23.31 present to the legislative auditor the commission's recommendations that do not require  
23.32 a statutory change to be put into effect. Subject to the legislative audit commission's  
23.33 approval, the legislative auditor may examine the recommendations and include as part  
23.34 of the next audit of the agency a report on whether the agency has implemented the  
23.35 recommendations and, if so, in what manner.

24.1 Sec. 12. **[3D.12] MONITORING OF RECOMMENDATIONS.**

24.2 During each legislative session, the staff of the commission shall monitor legislation  
24.3 affecting agencies that have undergone sunset review and shall periodically report

24.4 to the members of the commission on proposed changes that would modify prior  
24.5 recommendations of the commission.

24.6 Sec. 13. **[3D.13] REVIEW OF ADVISORY COMMITTEES.**

24.7 An advisory committee, the primary function of which is to advise a particular state  
24.8 agency, is subject to sunset on the date set for sunset of the agency unless the advisory  
24.9 committee is expressly continued by law.

24.10 Sec. 14. **[3D.14] CONTINUATION BY LAW.**

24.11 During the regular session immediately before the sunset of a state agency or an  
24.12 advisory committee that is subject to this chapter, the legislature may enact legislation  
24.13 to continue the agency or advisory committee for a period not to exceed 12 years. This  
24.14 chapter does not prohibit the legislature from:

24.15 (1) terminating a state agency or advisory committee subject to this chapter at a date  
24.16 earlier than that provided in this chapter; or

24.17 (2) considering any other legislation relative to a state agency or advisory committee  
24.18 subject to this chapter.

24.19 Sec. 15. **[3D.15] PROCEDURE AFTER TERMINATION.**

24.20 Subdivision 1. **Termination.** Unless otherwise provided by law:

24.21 (1) if after sunset review a state agency is abolished, the agency may continue in  
24.22 existence until June 30 of the following year to conclude its business;

24.23 (2) abolishment does not reduce or otherwise limit the powers and authority of the  
24.24 state agency during the concluding year;

24.25 (3) a state agency is terminated and shall cease all activities at the expiration of  
24.26 the one-year period; and

24.27 (4) all rules that have been adopted by the state agency expire at the expiration of  
24.28 the one-year period.

24.29 Subd. 2. **Funds of abolished agency or advisory committee.** (a) Any unobligated  
24.30 and unexpended appropriations of an abolished agency or advisory committee lapse on  
24.31 June 30 of the year after abolishment.

24.32 (b) Except as provided by subdivision 4 or as otherwise provided by law, all money  
24.33 in a dedicated fund of an abolished state agency or advisory committee on June 30 of the  
25.1 year after abolishment is transferred to the general fund. The part of the law dedicating  
25.2 the money to a specific fund of an abolished agency becomes void on June 30 of the year  
25.3 after abolishment.



25.4 Subd. 3. Property and records of abolished agency or advisory committee.

25.5 Unless the governor designates an appropriate state agency as prescribed by subdivision 4,  
25.6 property and records in the custody of an abolished state agency or advisory committee  
25.7 on June 30 of the year after abolishment must be transferred to the commissioner of  
25.8 administration. If the governor designates an appropriate state agency, the property and  
25.9 records must be transferred to the designated state agency.

25.10 Subd. 4. Continuing obligations. (a) The legislature recognizes the state's  
25.11 continuing obligation to pay bonded indebtedness and all other obligations, including  
25.12 lease, contract, and other written obligations, incurred by a state agency or advisory  
25.13 committee abolished under this chapter, and this chapter does not impair or impede the  
25.14 payment of bonded indebtedness and all other obligations, including lease, contract, and  
25.15 other written obligations, in accordance with their terms. If an abolished state agency or  
25.16 advisory committee has outstanding bonded indebtedness or other outstanding obligations,  
25.17 including lease, contract, and other written obligations, the bonds and all other obligations,  
25.18 including lease, contract, and other written obligations, remain valid and enforceable in  
25.19 accordance with their terms and subject to all applicable terms and conditions of the laws  
25.20 and proceedings authorizing the bonds and all other obligations, including lease, contract,  
25.21 and other written obligations.

25.22 (b) The governor shall designate an appropriate state agency that shall continue to  
25.23 carry out all covenants contained in the bonds and in all other obligations, including lease,  
25.24 contract, and other written obligations, and the proceedings authorizing them, including  
25.25 the issuance of bonds, and the performance of all other obligations, including lease,  
25.26 contract, and other written obligations, to complete the construction of projects or the  
25.27 performance of other obligations, including lease, contract, and other written obligations.

25.28 (c) The designated state agency shall provide payment from the sources of payment  
25.29 of the bonds in accordance with the terms of the bonds and shall provide payment from  
25.30 the sources of payment of all other obligations, including lease, contract, and other written  
25.31 obligations, in accordance with their terms, whether from taxes, revenues, or otherwise,  
25.32 until the bonds and interest on the bonds are paid in full and all other obligations,  
25.33 including lease, contract, and other written obligations, are performed and paid in full.  
25.34 If the proceedings so provide, all funds established by laws or proceedings authorizing  
25.35 the bonds or authorizing other obligations, including lease, contract, and other written  
25.36 obligations, must remain with the comptroller or the previously designated trustees. If the  
26.1 proceedings do not provide that the funds remain with the comptroller or the previously  
26.2 designated trustees, the funds must be transferred to the designated state agency.

26.3 Sec. 16. **[3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

26.4 The commission may request the assistance of state agencies and officers. When  
26.5 assistance is requested, a state agency or officer shall assist the commission. In carrying  
26.6 out its functions under this chapter, the commission or its designated staff member may  
26.7 inspect the records, documents, and files of any state agency.

26.8 Sec. 17. **[3D.17] RELOCATION OF EMPLOYEES.**

26.9 If an employee is displaced because a state agency or its advisory committee is  
26.10 abolished or reorganized, the state agency shall make a reasonable effort to relocate the  
26.11 displaced employee.

26.12 Sec. 18. **[3D.18] SAVING PROVISION.**

26.13 Except as otherwise expressly provided, abolition of a state agency does not affect  
26.14 rights and duties that matured, penalties that were incurred, civil or criminal liabilities that  
26.15 arose, or proceedings begun before the effective date of the abolition.

26.16 Sec. 19. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN**  
26.17 **AGENCY.**

26.18 Each bill filed in a house of the legislature that would create a new state agency or  
26.19 a new advisory committee to a state agency shall be reviewed by the commission. The  
26.20 commission shall review the bill to determine if:

26.21 (1) the proposed functions of the agency or committee could be administered by one  
26.22 or more existing state agencies or advisory committees;

26.23 (2) the form of regulation, if any, proposed by the bill is the least restrictive form of  
26.24 regulation that will adequately protect the public;

26.25 (3) the bill provides for adequate public input regarding any regulatory function  
26.26 proposed by the bill; and

26.27 (4) the bill provides for adequate protection against conflicts of interest within  
26.28 the agency or committee.

26.29 Sec. 20. **[3D.20] GIFTS AND GRANTS.**

26.30 The commission may accept gifts, grants, and donations from any organization  
26.31 described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding  
27.1 any activity under this chapter. All gifts, grants, and donations must be accepted in an  
27.2 open meeting by a majority of the voting members of the commission and reported in the

27.3 public record of the commission with the name of the donor and purpose of the gift, grant,  
27.4 or donation. Money received under this section is appropriated to the commission.

27.5 Sec. 21. **[3D.21] EXPIRATION.**

27.6 Subdivision 1. **Group 1.** The following agencies are sunset and expire on June  
27.7 30, 2012: Department of Health, Department of Human Rights, Department of Human  
27.8 Services, all health-related licensing boards listed in section 214.01, Council on Affairs  
27.9 of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific  
27.10 Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups  
27.11 associated with these agencies.

27.12 Subd. 2. **Group 2.** The following agencies are sunset and expire on June 30, 2014:  
27.13 Department of Education, Board of Teaching, Minnesota Office of Higher Education, and  
27.14 all advisory groups associated with these agencies.

27.15 Subd. 3. **Group 3.** The following agencies are sunset and expire on June 30, 2016:  
27.16 Department of Commerce, Department of Employment and Economic Development,  
27.17 Department of Labor and Industry, all non-health-related licensing boards listed in  
27.18 section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism,  
27.19 Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of  
27.20 Mediation Services, Combative Sports Commission, Amateur Sports Commission, and all  
27.21 advisory groups associated with these agencies.

27.22 Subd. 4. **Group 4.** The following agencies are sunset and expire on June 30, 2018:  
27.23 Department of Corrections, Department of Public Safety, Department of Transportation,  
27.24 Peace Officer Standards and Training Board, Corrections Ombudsman, and all advisory  
27.25 groups associated with these agencies.

27.26 Subd. 5. **Group 5.** The following agencies are sunset and expire on June 30, 2020:  
27.27 Department of Agriculture, Department of Natural Resources, Pollution Control Agency,  
27.28 Board of Animal Health, Board of Water and Soil Resources, and all advisory groups  
27.29 associated with these agencies.

27.30 Subd. 6. **Group 6.** The following agencies are sunset and expire on June 30, 2022:  
27.31 Department of Administration, Department of Management and Budget, Department of  
27.32 Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board,  
27.33 Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public  
27.34 Disclosure Board, Capitol Area Architectural and Planning Board, Office of Enterprise  
28.1 Technology, Minnesota Racing Commission, and all advisory groups associated with  
28.2 these agencies.

28.3            Subd. 7. **Continuation.** Following sunset review of an agency, the legislature may  
28.4 act within the same legislative session in which the sunset report was received on Sunset  
28.5 Advisory Commission recommendations to continue or reorganize the agency.

28.6            Subd. 8. **Other groups.** The commission may review, under the criteria in  
28.7 section 3D.10, and propose to the legislature an expiration date for any agency, board,  
28.8 commission, or program not listed in this section.

28.9            Sec. 22. Minnesota Statutes 2010, section 15.057, is amended to read:

28.10            **15.057 PUBLICITY REPRESENTATIVES AND LEGISLATIVE LIAISONS.**

28.11            Subdivision 1. **Publicity representatives.** No state department, bureau, or division,  
28.12 whether the same operates on funds appropriated or receipts or fees of any nature  
28.13 whatsoever, except the Department of Transportation, the Department of Employment  
28.14 and Economic Development, the Game and Fish Division, State Agricultural Society, and  
28.15 Explore Minnesota Tourism shall use any of such funds for the payment of the salary or  
28.16 expenses of a publicity representative. The head of any such department, bureau, or  
28.17 division shall be personally liable for funds used contrary to this provision. This ~~section~~  
28.18 subdivision shall not be construed, however, as preventing any such department, bureau,  
28.19 or division from sending out any bulletins or other publicity required by any state law or  
28.20 necessary for the satisfactory conduct of the business for which such department, bureau,  
28.21 or division was created.

28.22            Subd. 2. **Legislative liaisons.** No state agency may use any money appropriated to  
28.23 it for the salary or expenses of an individual serving as a liaison for the legislative affairs  
28.24 of the agency. This subdivision does not prevent any employee of a state agency from  
28.25 providing information requested by legislators and providing testimony at legislative  
28.26 hearings.

28.27            Sec. 23. Minnesota Statutes 2010, section 15.06, subdivision 8, is amended to read:

28.28            Subd. 8. **Number of deputy commissioners.** ~~Unless specifically authorized by~~  
28.29 statute, other than section 43A.08, subdivision 2 Except for the Department of Veterans  
28.30 Affairs, no department or agency specified in subdivision 1 shall have more than one  
28.31 deputy commissioner. No department or agency specified in subdivision 1 may employ an  
28.32 assistant commissioner.

28.33            Sec. 24. Minnesota Statutes 2010, section 16A.10, subdivision 1a, is amended to read:

29.1            Subd. 1a. **Purpose of performance data.** Performance data shall be presented in  
29.2 the budget proposal to:

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29.3 (1) provide information so that the legislature can determine the extent to which  
29.4 state programs and activities are successful;

29.5 (2) encourage agencies to develop clear and measurable goals and objectives for  
29.6 their programs and activities; and

29.7 (3) strengthen accountability to Minnesotans by providing a record of state  
29.8 government's performance in providing effective and efficient services.

29.9 Sec. 25. Minnesota Statutes 2010, section 16A.10, subdivision 1b, is amended to read:

29.10 Subd. 1b. **Performance data format.** (a) As part of the budget proposal, agencies  
29.11 shall:

29.12 (1) describe the goals and objectives of each agency program and activity; and

29.13 (2) present performance data that measures the performance of programs and  
29.14 activities in meeting ~~program~~ goals and objectives.

29.15 (b) Measures reported must be outcome-based and objective, and may include  
29.16 indicators of outputs, efficiency, ~~outcomes,~~ and other measures relevant to understanding  
29.17 each program and activity.

29.18 (c) Agencies shall present as much historical information as needed to understand  
29.19 major trends and shall set targets for future performance issues ~~where feasible and~~  
29.20 ~~appropriate.~~ The information shall appropriately highlight agency performance issues that  
29.21 would assist legislative review and decision making.

29.22 (d) For purposes of this subdivision, subdivision 1a, and section 16A.106, the terms  
29.23 "program" and "activity" are used in the same manner as the terms are used in state  
29.24 budgeting. However, the commissioner may authorize an agency to define these terms in a  
29.25 different manner if that allows for a more effective presentation of performance data.

29.26 Sec. 26. Minnesota Statutes 2010, section 16A.10, subdivision 1c, is amended to read:

29.27 Subd. 1c. **Performance measures for change items.** For each change item in the  
29.28 budget proposal requesting new or increased funding, the budget document must present  
29.29 proposed performance measures that can be used to determine if the new or increased  
29.30 funding is accomplishing its goals. To the extent possible, each budget change item  
29.31 must identify relevant Minnesota Milestones and other statewide goals and indicators  
29.32 related to the proposed initiative. ~~The commissioner must report to the Subcommittee on~~  
29.33 ~~Government Accountability established under section 3.885, subdivision 10, regarding the~~  
30.1 ~~format to be used for the presentation and selection of Minnesota Milestones and other~~  
30.2 ~~statewide goals and indicators.~~

30.3 Sec. 27. Minnesota Statutes 2010, section 16A.103, subdivision 1a, is amended to read:

30.4 Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of  
30.5 current laws and reasonable estimates of projected growth in the national and state  
30.6 economies and affected populations. Revenue must be estimated for all sources provided  
30.7 for in current law. Expenditures must be estimated for all obligations imposed by law and  
30.8 those projected to occur as a result of variables outside the control of the legislature.  
30.9 Expenditures for the current biennium must be based on actual appropriations or, for  
30.10 forecasted programs, the amount needed to fund the formula in law. The base for  
30.11 expenditures projections for the next biennium is the amount appropriated in the second  
30.12 year of the current biennium, or, for forecasted programs, the amount needed to fund the  
30.13 formula in law. Expenditure estimates must not include an allowance for inflation.

30.14 Sec. 28. **[16A.106] ZERO-BASED BUDGETING PRINCIPLES.**

30.15 Subdivision 1. **Determination.** Each biennium, the proposed budget for  
30.16 approximately one-half of the expenditure programs, as selected according to subdivision  
30.17 2, must be prepared using the principles of zero-based budgeting specified in subdivision  
30.18 4. Programs that are not designated for one biennium must be designated for the next  
30.19 biennium. Budgets for the legislative and judicial branches and for the Minnesota State  
30.20 Colleges and Universities must be prepared using principles of zero-based budgeting  
30.21 for the biennium beginning July 1, 2013, and for bienniums beginning every four years  
30.22 after that. The budget for the University of Minnesota must be prepared using principles  
30.23 of zero-based budgeting for the biennium beginning July 1, 2015, and for bienniums  
30.24 beginning every four years after that.

30.25 Subd. 2. **Governor's determination.** The governor must designate the expenditure  
30.26 programs for a biennium that will be prepared using zero-based budgeting principles. In  
30.27 making the designation the governor, in consultation with the chairs and lead minority  
30.28 members of the senate Finance Committee and the house of representatives Ways and  
30.29 Means Committee, must attempt to balance the number of expenditure budgets that will  
30.30 be prepared using zero-based budgeting principles and the number that will not for each  
30.31 legislative finance committee. All of the programs within an agency must be assigned  
30.32 to use zero-based budgeting principles in the same year.

30.33 Subd. 3. **Exceptions.** Expenditures for debt service under section 16A.641,  
30.34 subdivision 10, are exempt from the zero-based budgeting principles under this section.

31.1 Subd. 4. **Zero-based budgeting principles.** (a) For each program and activity  
31.2 subject to zero-based budgeting principles for a biennium, the detailed budget presented  
31.3 to the legislature must include:

31.4 (1) a description of each budget activity for which the agency or entity receives  
31.5 an appropriation in the current biennium or for which the agency or entity requests an  
31.6 appropriation in the next biennium;

31.7 (2) for each budget activity, three alternative funding levels or alternative ways of  
31.8 performing the budget activity, a summary of the priorities that would be accomplished  
31.9 within each level, and the additional increments of value that would be added by the  
31.10 higher funding levels; and

31.11 (3) for each budget activity, performance data as specified in section 16A.10,  
31.12 subdivision 1b, the predicted effect of the three alternative funding levels on future  
31.13 performance, and also one or more measures of cost efficiency and effectiveness of  
31.14 program delivery, which must include comparisons to other states or entities with similar  
31.15 programs.

31.16 (b) The commissioner's budget preparation guidelines and instructions must contain  
31.17 requirements, deadlines, and technical assistance to facilitate implementation of this  
31.18 section. After consultation with the legislative commission on planning and fiscal policy,  
31.19 the commissioner's instructions may establish parameters for the three alternative funding  
31.20 levels required in paragraph (a), clause (3).

31.21 Subd. 5. **Prioritization.** In presenting budget recommendations to the legislature for  
31.22 those programs using zero-based budgeting principles, the governor's recommendations  
31.23 must prioritize the budget activities within an agency or program area. To the extent  
31.24 activities in more than one agency or program area are meeting the same goals, the  
31.25 recommendations must prioritize budget activities across agencies or programs with  
31.26 the same goals, and this prioritization must include agencies or programs not subject to  
31.27 zero-based budgeting principles that biennium.

31.28 **EFFECTIVE DATE.** This section is effective for budgets proposed for the  
31.29 biennium beginning July 1, 2013.

31.30 Sec. 29. Minnesota Statutes 2010, section 16A.11, subdivision 3, is amended to read:

31.31 Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget  
31.32 estimates both of expenditures and revenues, must contain any statements on the financial  
31.33 plan which the governor believes desirable or which may be required by the legislature.  
31.34 The detailed estimates shall include the governor's budget arranged in tabular form.

32.1 (b) For programs designated for the zero-based budgeting principles under section  
32.2 16A.106, the budget must be prepared according to the requirements of that section.

32.3 (c) For programs not designated for zero-based budgeting principles under section  
32.4 16A.106, tables listing expenditures for the next biennium must show the appropriation

32.5 base for each year as defined in section 16A.103, subdivision 1c. ~~The appropriation base~~  
32.6 ~~is the amount appropriated for the second year of the current biennium.~~ The tables must  
32.7 separately show any adjustments to the base required by current law or policies of the  
32.8 commissioner of management and budget. For forecasted programs, the tables must also  
32.9 show the amount of the forecast adjustments, based on the most recent forecast prepared  
32.10 by the commissioner of management and budget under section 16A.103. For all programs,  
32.11 the tables must show the amount of appropriation changes recommended by the governor,  
32.12 after adjustments to the base and forecast adjustments, and the total recommendation of  
32.13 the governor for that year.

32.14 ~~(e)~~ (d) The detailed estimates must include a separate line listing the total cost of  
32.15 professional and technical service contracts for the prior biennium and the projected costs  
32.16 of those contracts for the current and upcoming biennium. They must also include a  
32.17 summary of the personnel employed by the agency, reflected as full-time equivalent  
32.18 positions.

32.19 ~~(d)~~ (e) The detailed estimates for internal service funds must include the number of  
32.20 full-time equivalents by program; detail on any loans from the general fund, including  
32.21 dollar amounts by program; proposed investments in technology or equipment of \$100,000  
32.22 or more; an explanation of any operating losses or increases in retained earnings; and a  
32.23 history of the rates that have been charged, with an explanation of any rate changes and  
32.24 the impact of the rate changes on affected agencies.

32.25 Sec. 30. Minnesota Statutes 2010, section 16B.03, is amended to read:

32.26 **16B.03 APPOINTMENTS.**

32.27 The commissioner is authorized to appoint staff, including ~~two~~ one deputy  
32.28 ~~commissioners~~ commissioner, in accordance with chapter 43A.

32.29 Sec. 31. **16D.20 FEDERAL OFFSET PROGRAM.**

32.30 (a) The commissioner may enter into an agreement with the United States Secretary  
32.31 of the Treasury to participate in an offset program authorized under United States Code,  
32.32 title 31, section 3716, for the collection of debts owed to state agencies. The agreement  
32.33 may provide for the United States to submit debts owed to federal agencies for offset  
33.1 against state payments, similar to the procedures for offsetting debts owed to state  
33.2 agencies from federal payments.

33.3 (b) The commissioner shall reduce any state payment by the amount of any federal  
33.4 debt submitted in accordance with the agreement authorized by this section, and pay such



33.5 amount to the appropriate federal official in accordance with the procedures specified  
33.6 in such agreement.

33.7 (c) The commissioner may, by rule, establish a reasonable administrative fee to be  
33.8 charged to the debtor for the contingency fee-based procession of state payment offsets for  
33.9 the recovery of federal nontax debts or the contingency fee-based processing of federal  
33.10 payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt  
33.11 and may be withheld from any refund, reimbursement, or other money held for the debtor.

33.12 Sec. 32. Minnesota Statutes 2010, section 43A.08, subdivision 1, is amended to read:

33.13 Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees  
33.14 who are:

33.15 (1) chosen by election or appointed to fill an elective office;

33.16 (2) heads of agencies required by law to be appointed by the governor or other  
33.17 elective officers, and the executive or administrative heads of departments, bureaus,  
33.18 divisions, and institutions specifically established by law in the unclassified service;

33.19 (3) ~~deputy and assistant~~ agency heads and one confidential secretary in the agencies  
33.20 ~~listed in subdivision 1a and in the Office of Strategic and Long-Range Planning section~~  
33.21 15.06, subdivision 1;

33.22 (4) the confidential secretary to each of the elective officers of this state and, for the  
33.23 secretary of state and state auditor, an additional deputy, clerk, or employee;

33.24 (5) intermittent help employed by the commissioner of public safety to assist in  
33.25 the issuance of vehicle licenses;

33.26 (6) employees in the offices of the governor and of the lieutenant governor and one  
33.27 confidential employee for the governor in the Office of the Adjutant General;

33.28 (7) employees of the Washington, D.C., office of the state of Minnesota;

33.29 (8) employees of the legislature and of legislative committees or commissions;  
33.30 provided that employees of the Legislative Audit Commission, except for the legislative  
33.31 auditor, the deputy legislative auditors, and their confidential secretaries, shall be  
33.32 employees in the classified service;

33.33 (9) presidents, vice-presidents, deans, other managers and professionals in  
33.34 academic and academic support programs, administrative or service faculty, teachers,  
33.35 research assistants, and student employees eligible under terms of the federal Economic  
34.1 Opportunity Act work study program in the Perpich Center for Arts Education and the  
34.2 Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance  
34.3 employees, or any professional or managerial employee performing duties in connection  
34.4 with the business administration of these institutions;

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34.5 (10) officers and enlisted persons in the National Guard;

34.6 (11) attorneys, legal assistants, and three confidential employees appointed by the  
34.7 attorney general or employed with the attorney general's authorization;

34.8 (12) judges and all employees of the judicial branch, referees, receivers, jurors, and  
34.9 notaries public, except referees and adjusters employed by the Department of Labor  
34.10 and Industry;

34.11 (13) members of the State Patrol; provided that selection and appointment of State  
34.12 Patrol troopers must be made in accordance with applicable laws governing the classified  
34.13 service;

34.14 (14) examination monitors and intermittent training instructors employed by the  
34.15 Departments of Management and Budget and Commerce and by professional examining  
34.16 boards and intermittent staff employed by the technical colleges for the administration of  
34.17 practical skills tests and for the staging of instructional demonstrations;

34.18 (15) student workers;

34.19 (16) executive directors or executive secretaries appointed by and reporting to any  
34.20 policy-making board or commission established by statute;

34.21 (17) employees unclassified pursuant to other statutory authority;

34.22 (18) intermittent help employed by the commissioner of agriculture to perform  
34.23 duties relating to pesticides, fertilizer, and seed regulation;

34.24 (19) the administrators and the deputy administrators at the State Academies for the  
34.25 Deaf and the Blind; and

34.26 (20) chief executive officers in the Department of Human Services.

34.27 **Sec. 33. [43A.175] SALARY FREEZE.**

34.28 (a) Effective July 1, 2011, and until June 30, 2013, a state employee may not receive  
34.29 a salary or wage increase. This section prohibits any increases, including but not limited  
34.30 to: across-the-board increases; cost-of-living adjustments; increases based on longevity;  
34.31 step increases; increases in the form of lump-sum payments; increases in employer  
34.32 contributions to deferred compensation plans; or any other pay grade adjustments of  
34.33 any kind. For purposes of this section, "salary or wage" does not include employer  
34.34 contributions toward the cost of medical or dental insurance premiums, provided that  
34.35 employee contributions to the costs of medical or dental insurance premiums are not  
35.1 decreased. This section does not prohibit an increase in the rate of salary and wages for an  
35.2 employee who is promoted or transferred to a position with greater responsibilities and  
35.3 with a higher salary or wage rate.

35.4 (b) A state appointing authority may not enter into a collective bargaining agreement  
35.5 or implement a compensation plan that increases salary or wages in a manner prohibited  
35.6 by this section. Neither a state appointing authority nor an exclusive representative of state  
35.7 employees may request interest arbitration in relation to an increase in salary or wages that  
35.8 is prohibited by this section, and an arbitrator may not issue an award that would increase  
35.9 salary or wages in a manner prohibited by this section.

35.10 **EFFECTIVE DATE.** Paragraph (b) is effective the day following final enactment.  
35.11 Paragraph (a) is effective June 30, 2011.

35.12 Sec. 34. Minnesota Statutes 2010, section 43A.23, subdivision 1, is amended to read:

35.13 Subdivision 1. **General.** (a) The commissioner is authorized to request proposals  
35.14 or to negotiate and to enter into contracts with parties which in the judgment of the  
35.15 commissioner are best qualified to provide service to the benefit plans. Contracts entered  
35.16 into are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner  
35.17 may negotiate premium rates and coverage. The commissioner shall consider the cost of  
35.18 the plans, conversion options relating to the contracts, service capabilities, character,  
35.19 financial position, and reputation of the carriers, and any other factors which the  
35.20 commissioner deems appropriate. Each benefit contract must be for a uniform term of at  
35.21 least one year, but may be made automatically renewable from term to term in the absence  
35.22 of notice of termination by either party. A carrier licensed under chapter 62A is exempt  
35.23 from the taxes imposed by chapter 297I on premiums paid to it by the state.

35.24 (b) All self-insured hospital and medical service products must comply with coverage  
35.25 mandates, data reporting, and consumer protection requirements applicable to the licensed  
35.26 carrier administering the product, had the product been insured, including chapters 62J,  
35.27 62M, and 62Q. Any self-insured products that limit coverage to a network of providers  
35.28 or provide different levels of coverage between network and nonnetwork providers shall  
35.29 comply with section 62D.123 and geographic access standards for health maintenance  
35.30 organizations adopted by the commissioner of health in rule under chapter 62D.

35.31 (c) Notwithstanding paragraph (b), a self-insured hospital and medical product  
35.32 offered under sections 43A.22 to 43A.30 is not required to extend dependent coverage to  
35.33 an eligible employee's unmarried child under the age of 25 to the full extent required under  
35.34 chapters 62A and 62L. Dependent coverage must, at a minimum, extend to an eligible  
35.35 employee's unmarried child who is under the age of 19 or an unmarried child under the  
36.1 age of 25 who is a full-time student. A person who is at least 19 years of age but who is  
36.2 under the age of 25 and who is not a full-time student must be permitted to be enrolled as  
36.3 a dependent of an eligible employee until age 25 if the person:

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36.4 (1) was a full-time student immediately prior to being ordered into active military  
36.5 service, as defined in section 190.05, subdivision 5b or 5c;

36.6 (2) has been separated or discharged from active military service; and

36.7 (3) would be eligible to enroll as a dependent of an eligible employee, except that  
36.8 the person is not a full-time student.

36.9 The definition of "full-time student" for purposes of this paragraph includes any student  
36.10 who by reason of illness, injury, or physical or mental disability as documented by  
36.11 a physician is unable to carry what the educational institution considers a full-time  
36.12 course load so long as the student's course load is at least 60 percent of what otherwise  
36.13 is considered by the institution to be a full-time course load. Any notice regarding  
36.14 termination of coverage due to attainment of the limiting age must include information  
36.15 about this definition of "full-time student."

36.16 (d) Beginning January 1, ~~2010~~ 2012, the health insurance benefit plans offered ~~in the~~  
36.17 ~~commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under~~  
36.18 ~~section 43A.18, subdivision 3, to state employees, including legislators and legislative~~  
36.19 ~~staff, must include an option for a~~ be a health savings account-eligible high-deductible  
36.20 health plan that is compatible with the definition of a high-deductible health plan in section  
36.21 223 of the United States Internal Revenue Code. The following provisions apply:

36.22 (1) the employer shall deposit \$1,500 to an individual health savings account  
36.23 and \$2,500 to a family health savings account and the deposit is dependent upon the  
36.24 availability of a biennial appropriation for this purpose;

36.25 (2) the high-deductible health plan shall have a deductible of \$2,500 for individual  
36.26 and \$5,000 for family coverage, with 20 percent enrollee cost-sharing thereafter until  
36.27 maximum out-of-pocket amounts of \$3,500 for an individual or \$6,500 for a family are  
36.28 reached; and

36.29 (3) \$140 of the monthly premium amount for individual coverage shall be paid by  
36.30 the employer, and \$411 of the monthly premium amount for family coverage shall be  
36.31 paid by the employer. The deposits and payments under this paragraph are subject to the  
36.32 availability of an appropriation for this purpose.

36.33 Sec. 35. Minnesota Statutes 2010, section 43A.316, subdivision 8, is amended to read:

36.34 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer  
36.35 participating in the program who is receiving a public pension disability benefit or an  
37.1 annuity or has met the age and service requirements necessary to receive an annuity under  
37.2 chapter 353, 353C, 354, 354A, 356, 423, 423A, 424, or Minnesota Statutes 2008, chapter  
37.3 422A, and the former employee's dependents, are eligible to participate in the program.

37.4 This participation is at the person's expense unless a collective bargaining agreement or  
37.5 personnel policy provides otherwise. Premiums for these participants must be established  
37.6 by the commissioner and the participants shall pay all premium amounts. The plans shall  
37.7 be high-deductible health insurance plans with a \$5,000 deductible.

37.8 The commissioner may provide policy exclusions for preexisting conditions  
37.9 only when there is a break in coverage between a participant's coverage under the  
37.10 employment-based group insurance program and the participant's coverage under this  
37.11 section. An employer shall notify an employee of the option to participate under this  
37.12 paragraph no later than the effective date of retirement. The retired employee or the  
37.13 employer of a participating group on behalf of a current or retired employee shall notify  
37.14 the commissioner within 30 days of the effective date of retirement of intent to participate  
37.15 in the program according to the rules established by the commissioner.

37.16 (b) The spouse of a deceased employee or former employee may purchase the  
37.17 benefits provided at premiums established by the commissioner if the spouse was a  
37.18 dependent under the employee's or former employee's coverage under this section at the  
37.19 time of the death. The spouse remains eligible to participate in the program as long as  
37.20 the group that included the deceased employee or former employee participates in the  
37.21 program. Coverage under this clause must be coordinated with relevant insurance benefits  
37.22 provided through the federally sponsored Medicare program.

37.23 (c) The program benefits must continue in the event of strike permitted by section  
37.24 179A.18, if the exclusive representative chooses to have coverage continue and the  
37.25 employee pays the total monthly premiums when due.

37.26 (d) A participant who discontinues coverage may not reenroll.

37.27 Persons participating under these paragraphs shall make appropriate premium  
37.28 payments in the time and manner established by the commissioner.

37.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

37.30 Sec. 36. **[43A.347] REDUCTION IN STATE WORK FORCE; EARLY**  
37.31 **RETIREMENT PROGRAM.**

37.32 **Subdivision 1. Required reduction.** (a) The number of full-time equivalent  
37.33 employees employed in the executive branch, and the costs directly associated with  
37.34 employing those persons, must be reduced by at least 15 percent by June 30, 2015, and  
38.1 thereafter, compared to the number of full-time equivalent positions and the costs directly  
38.2 associated with those positions on July 1, 2011.

38.3 (b) An appointing authority may use any or all of the following to achieve this  
38.4 requirement: attrition, a hard hiring freeze, early retirement incentives authorized in this

38.5 section, restructuring of benefit or pension programs as authorized by other law, furloughs,  
38.6 and layoffs. The early retirement program in this section is enacted as a tool to assist in  
38.7 complying with the required 15 percent reduction.

38.8 (c) For purposes of this section:

38.9 (1) "costs directly associated" with employing people means the cost of salaries and  
38.10 benefits, including the costs of employer contributions to public pension plans; and

38.11 (2) "executive branch" does not include the Minnesota State Colleges and  
38.12 Universities and the State Patrol.

38.13 Subd. 2. **Analysis.** Before authorizing an early retirement incentive under  
38.14 subdivision 3 or 4, the commissioner must perform analysis, including actuarial analysis,  
38.15 as necessary to determine the maximum number of employees to whom incentives will be  
38.16 offered, and the percentage of resulting savings estimated to be needed to pay pension  
38.17 funds to cover costs to the funds of the incentives in this section. The commissioner must  
38.18 use this analysis in determining how to best implement this section. The commissioner  
38.19 may contract with the director of the Minnesota State Retirement System for assistance in  
38.20 preparing the analysis required by this subdivision.

38.21 Subd. 3. **Pension early retirement incentive.** (a) The commissioner of management  
38.22 and budget may authorize an executive branch appointing authority to offer an early  
38.23 retirement incentive under this subdivision to an employee who upon retirement would be  
38.24 immediately eligible to receive an annuity from the public pension plan under which the  
38.25 employee is covered immediately before separation from state service. The commissioner  
38.26 may establish time periods during which the incentive may be offered and during which  
38.27 the incentive must be accepted, may establish limits on the number of employees to whom  
38.28 an appointing authority, or all appointing authorities collectively, may offer the incentive,  
38.29 and may establish other conditions for the incentive.

38.30 (b) For an employee offered an incentive under this subdivision, for each full  
38.31 year of service credit that the employee has in a plan administered by the Minnesota  
38.32 State Retirement System, the Public Employees Retirement Association, or the Teachers  
38.33 Retirement Association, the employee must be granted an additional month of service  
38.34 credit in the plan under which the employee is covered immediately before separation  
38.35 from state service under this subdivision.

39.1 (c) Upon request of an appointing authority considering offering an incentive under  
39.2 this subdivision, the executive director of the public pension plan in which an employee  
39.3 would be granted additional service credit under this subdivision must prepare an estimate  
39.4 of the present value of the additional service credit that would be granted to an employee  
39.5 under this subdivision. For each employee accepting an incentive under this subdivision,

39.6 the appointing authority offering the incentive must pay the applicable public pension  
39.7 plan, from the first dollars of savings achieved through offering the incentive, the present  
39.8 value of the additional service credit granted to the employee, taking into account the date  
39.9 payment will be received from the appointing authority. The appointing authority must  
39.10 make this payment to the pension plan within one year of the date the employee accepting  
39.11 the incentive leaves state service.

39.12 Subd. 4. **Insurance early retirement incentive.** The commissioner of management  
39.13 and budget may authorize an executive appointing authority to offer the incentive  
39.14 originally offered under Laws 2010, chapter 337, to employees who retire from state  
39.15 service during periods that the commissioner specifies before June 30, 2015. The terms and  
39.16 conditions specified in Laws 2010, chapter 337, apply to an incentive offered under this  
39.17 subdivision, except for the dates specified in that law for accepting the incentive and for  
39.18 retiring, and except that the prohibition on reemployment or contracting is for the period  
39.19 specified in this section, instead of the shorter period specified in Laws 2010, chapter 337.

39.20 Subd. 5. **Best practices.** In implementing this section, the commissioner of  
39.21 management and budget and affected agencies shall utilize best practices as identified by  
39.22 other states that have implemented early retirement programs.

39.23 Subd. 6. **Hiring freeze.** To promote streamlined government and reduced costs,  
39.24 no state appointing authority may fill by outside hire a position vacated through state  
39.25 employee participation in an early retirement incentive under this section.

39.26 Subd. 7. **Reemployment prohibition.** An employee who receives an early  
39.27 retirement incentive under this section may not be reemployed with the state or enter into  
39.28 a contract with the state as a consultant for five years after termination.

39.29 Subd. 8. **Savings.** Savings resulting from implementation of this section, after  
39.30 any payments made under subdivisions 3 and 4, must cancel back to the fund in which  
39.31 the savings occurred.

39.32 Subd. 9. **Not applicable to elected officials.** A state elected official is not a state  
39.33 employee for purposes of this section.

39.34 Subd. 10. **Application of Public Employment Labor Relations Act.** Unilateral  
39.35 implementation of this section, including, but not limited to, the provision of an early  
40.1 retirement incentive by the appointing authority, is not an unfair labor practice under  
40.2 chapter 179A.

40.3 Sec. 37. Minnesota Statutes 2010, section 45.013, is amended to read:

40.4 **45.013 POWER TO APPOINT STAFF.**

**S.F. No. 1047, as introduced - 87th Legislative Session (2011-2012) [11-2868]**

40.5 The commissioner of commerce may appoint ~~four~~ one deputy commissioners, ~~four~~  
40.6 ~~assistant commissioners, and an assistant to the commissioner. Those positions, as well as~~  
40.7 ~~that of~~ and a confidential secretary, are in the unclassified service. The commissioner may  
40.8 appoint other employees necessary to carry out the duties and responsibilities entrusted to  
40.9 the commissioner.

40.10 Sec. 38. Minnesota Statutes 2010, section 84.01, subdivision 3, is amended to read:

40.11 Subd. 3. **Employees; delegation.** ~~Subject to the provisions of Laws 1969, chapter~~  
40.12 ~~1129, and to other applicable laws~~ The commissioner shall organize the department and  
40.13 employ ~~up to three~~ assistant commissioners, ~~each of whom shall serve at the pleasure of~~  
40.14 ~~the commissioner in the unclassified service, one of whom shall have responsibility for~~  
40.15 ~~coordinating and directing the planning of every division within the agency, and such other~~  
40.16 officers, employees, and agents as the commissioner may deem necessary to discharge the  
40.17 functions of the department, define the duties of such officers, employees, and agents and  
40.18 to delegate to them any of the commissioner's powers, duties, and responsibilities subject  
40.19 to the control of, and under the conditions prescribed by, the commissioner. Appointments  
40.20 to exercise delegated power shall be by written order filed with the secretary of state.

40.21 Sec. 39. Minnesota Statutes 2010, section 116.03, subdivision 1, is amended to read:

40.22 Subdivision 1. **Office.** (a) The office of commissioner of the Pollution Control  
40.23 Agency is created and is under the supervision and control of the commissioner, who is  
40.24 appointed by the governor under the provisions of section 15.06.

40.25 (b) The commissioner may appoint a deputy commissioner ~~and assistant~~  
40.26 ~~commissioners~~ who shall be in the unclassified service.

40.27 (c) The commissioner shall make all decisions on behalf of the agency that are not  
40.28 required to be made by the agency under section 116.02.

40.29 Sec. 40. Minnesota Statutes 2010, section 116J.01, subdivision 5, is amended to read:

40.30 Subd. 5. **Departmental organization.** (a) The commissioner shall organize the  
40.31 department as provided in section 15.06.

41.1 (b) The commissioner may establish divisions and offices within the department.

41.2 ~~The commissioner may employ four deputy commissioners in the unclassified service.~~

41.3 (c) The commissioner shall:

41.4 (1) employ assistants and other officers, employees, and agents that the commissioner  
41.5 considers necessary to discharge the functions of the commissioner's office;



41.6 (2) define the duties of the officers, employees, and agents, and delegate to them any  
41.7 of the commissioner's powers, duties, and responsibilities, subject to the commissioner's  
41.8 control and under conditions prescribed by the commissioner.

41.9 (d) The commissioner shall ensure that there are at least three employment and  
41.10 economic development officers in state offices in nonmetropolitan areas of the state who  
41.11 will work with local units of government on developing local employment and economic  
41.12 development.

41.13 Sec. 41. Minnesota Statutes 2010, section 116J.035, subdivision 4, is amended to read:

41.14 Subd. 4. **Delegation of powers.** The commissioner may delegate, in written orders  
41.15 filed with the secretary of state, any powers or duties subject to the commissioner's  
41.16 control to officers and employees in the department. Regardless of any other law, the  
41.17 commissioner may delegate the execution of specific contracts or specific types of  
41.18 contracts to the commissioner's ~~deputies, an assistant commissioner,~~ deputy or a program  
41.19 director if the delegation has been approved by the commissioner of administration and  
41.20 filed with the secretary of state.

41.21 Sec. 42. Minnesota Statutes 2010, section 174.02, subdivision 2, is amended to read:

41.22 Subd. 2. **Unclassified positions.** The commissioner may ~~establish four positions~~  
41.23 ~~in the unclassified service at the~~ appoint a deputy and assistant commissioner, assistant  
41.24 ~~to commissioner or~~ and a personal secretary levels. ~~No more than two of these positions~~  
41.25 ~~shall be at the deputy commissioner level in the unclassified service.~~

41.26 Sec. 43. Minnesota Statutes 2010, section 241.01, subdivision 2, is amended to read:

41.27 Subd. 2. ~~Deputies~~ **Deputy.** The commissioner of corrections may appoint and  
41.28 employ ~~no more than two~~ a deputy commissioner's commissioner. The commissioner may  
41.29 also appoint a personal secretary, who shall serve at the commissioner's pleasure in the  
41.30 unclassified civil service.

42.1 Sec. 44. Minnesota Statutes 2010, section 270C.41, is amended to read:

42.2 **270C.41 AGREEMENT WITH INTERNAL REVENUE SERVICE FEDERAL**  
42.3 **GOVERNMENT.**

42.4 **Subdivision 1. Agreement with Internal Revenue Service.** Pursuant to section  
42.5 270B.12, the commissioner may enter into an agreement with the Internal Revenue  
42.6 Service to identify taxpayers who have refunds due from the department and liabilities  
42.7 owing to the Internal Revenue Service. In accordance with the procedures established in

42.8 the agreement, the Internal Revenue Service may levy against the refunds to be paid by  
42.9 the department. For each refund levied upon, the commissioner shall first deduct from  
42.10 the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever  
42.11 is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the  
42.12 Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

42.13 Subd. 2. Reciprocal offset agreements. The commissioner is authorized to enter  
42.14 into agreements with the federal Department of the Treasury that provide for offsetting  
42.15 state payments against federal nontax obligations. The commissioner may charge a fee  
42.16 of \$20 per transaction for the offsets and may collect this offset fee from the debtor by  
42.17 deducting it from the state payment. The agreement may provide for offsetting federal  
42.18 payments as authorized by federal law against state tax and nontax obligations, and  
42.19 collecting the offset cost from the debtor. The agreement shall provide that the federal  
42.20 Department of the Treasury may deduct a fee from each administrative offset and state  
42.21 payment offset. Setoffs to collect state and other entity obligations under chapters 16D,  
42.22 270A, 270C, and any other provision of Minnesota Statutes occur before a state payment  
42.23 offset. For purposes of this paragraph, "administrative offset" is any offset of federal  
42.24 payments to collect state debts, and "state payment offset" is any offset of state payments  
42.25 to collect federal nontax debts.

42.26 Sec. 45. STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT  
42.27 ELIGIBILITY VERIFICATION AUDIT SERVICES.

42.28 Subdivision 1. Request for proposals. By July 1, 2011, the commissioner of  
42.29 management and budget shall issue a request for proposals for a contract to provide  
42.30 dependent eligibility verification audit services for state-paid hospital, medical, and dental  
42.31 benefits provided to state employees and their dependents. The request for proposals  
42.32 must require that the vendor will:

42.33 (1) conduct a document-model dependent eligibility verification audit of all plans  
42.34 offered under Minnesota Statutes, sections 43A.22 to 43A.31;

43.1 (2) identify ineligible dependents covered by the plans and report those findings to  
43.2 the commissioner and third-party administrators of the state's employee health plans, as  
43.3 directed by the commissioner; and

43.4 (3) implement a process for ongoing eligibility verification following the conclusion  
43.5 of the dependent eligibility verification audit required by this section.

43.6 Subd. 2. Additional vendor criteria. The request for proposals required by  
43.7 subdivision 1 must require the vendor to provide the following minimum capabilities and  
43.8 experience in performing the services described in subdivision 1:

43.9           (1) a rules-based platform employing auto-adjudication for making objective  
43.10 eligibility determinations;

43.11           (2) assigned eligibility advocates to assist employees through the verification  
43.12 process;

43.13           (3) a formal claims and appeals process; and

43.14           (4) experience in the performance of dependent eligibility verification audits for  
43.15 other states.

43.16           Subd. 3. **Contract required.** By September 1, 2011, the commissioner must enter  
43.17 into a contract for the services specified in subdivision 1. The contract must incorporate  
43.18 a performance-based vendor financing option that compensates the vendor based on the  
43.19 amount of savings generated by the work performed under the contract.

43.20           Subd. 4. **Managerial policy.** The commissioner's duties and responsibilities under  
43.21 this section are matters of inherent managerial policy under Minnesota Statutes, section  
43.22 179A.07, subdivision 1. The commissioner is under no obligation to meet and negotiate  
43.23 concerning duties and responsibilities assigned to the commissioner under this section.

43.24           Sec. 46. **STATE BUILDING EFFICIENCY.**

43.25           Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner  
43.26 of administration shall issue a request for proposals for a contract to provide  
43.27 recommendations for efficiencies in state building management to the commissioner. The  
43.28 request for proposals shall require the vendor to provide a system that will overlay existing  
43.29 building controls and instrumentation that influence energy consumption, including space,  
43.30 equipment and system performance, facility operations, and facility maintenance. The  
43.31 request for proposals shall require the vendor to provide a system that provides concurrent  
43.32 building monitoring, energy consumption optimization, space utilization, and equipment  
43.33 performance information.

43.34           Subd. 2. **Open platform system with data analytics.** The request for proposals  
43.35 must require the vendor to provide: (1) an open platform system with the capability to  
44.1 integrate and coordinate a variety of control systems, including their data, and the ability  
44.2 to manage all state buildings and their control systems; and (2) a system that uses data  
44.3 analytics to integrate corrective action notification and work order management.

44.4           Subd. 3. **Proof of concept phase.** The request for proposals shall require the  
44.5 selected vendor, at no cost to the state, to begin work on the contract by implementing  
44.6 its proposed system on one to three instrumented state buildings to demonstrate the  
44.7 savings provided by the system. The system provided by the vendor must be capable of  
44.8 application to all state-owned buildings.

44.9            Subd. 4. **Full implementation and payment.** The request for proposal must require  
44.10 the state to implement the system provided by the vendor in all buildings owned by the  
44.11 state if the work done under the requirements of subdivision 3 provides material savings to  
44.12 the state. After the full implementation of the system provided by the vendor, the vendor  
44.13 shall be paid by the state from the savings attributable to the work done by the vendor,  
44.14 according to the terms and performance measures negotiated in the contract.

44.15            Subd. 5. **Selection of vendor.** The commissioner of administration shall select a  
44.16 vendor from the responses to the request for proposal by September 1, 2011.

44.17            Subd. 6. **Progress report.** The commissioner shall provide a report describing the  
44.18 progress made under this section to the governor and the chairs and ranking minority  
44.19 members of the legislative committees with jurisdiction over the commissioner of  
44.20 administration by January 15, 2012. The report shall provide a dynamic scoring analysis  
44.21 of the work described in the report.

44.22            Sec. 47. **FLEET MANAGEMENT IMPROVEMENTS.**

44.23            Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of  
44.24 administration shall issue a request for proposals to improve the procurement, allocation,  
44.25 control, energy efficiency, maintenance, and in-service life of state vehicles. The request  
44.26 for proposal shall require the vendor to provide a system for:

44.27            (1) a life-cycle solution for vehicle management, covering all stages from  
44.28 procurement through disposal of state vehicles; and

44.29            (2) the integration of data analytics to provide vehicle tracking, usage, and proactive  
44.30 maintenance management.

44.31            Subd. 2. **Proof of concept phase.** The request for proposals must specify that the  
44.32 vendor, at no cost to the state, must implement its system in one vehicle maintenance  
44.33 facility on a sample group of vehicles to demonstrate the cost-savings potential of the  
44.34 recommendations.

45.1            Subd. 3. **Full implementation and payment.** The request for proposal must require  
45.2 the state to implement the recommendations provided by the vendor if the work done  
45.3 under the requirements of subdivision 2 provides material savings to the state. After the  
45.4 full implementation of the system provided by the vendor, the vendor shall be paid by  
45.5 the state from the savings attributable to the work done by the vendor, according to the  
45.6 terms and performance measures negotiated in the contract.

45.7            Subd. 4. **Selection of vendor.** The commissioner of administration shall select a  
45.8 vendor from the responses to the request for proposal by September 1, 2011.

45.9            Subd. 5. **Progress report.** The commissioner shall provide a report describing the  
45.10 progress made under this section to the governor and the chairs and ranking minority  
45.11 members of the legislative committees with jurisdiction over the commissioner of  
45.12 administration by January 15, 2012. The report shall provide a dynamic scoring analysis  
45.13 of the work described in the report.

45.14            Sec. 48. **TAX FRAUD PREVENTION AND DETECTION.**

45.15            Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of  
45.16 revenue shall issue a request for proposals to prevent and detect tax fraud and increase  
45.17 delinquent tax revenue collection. The request for proposals shall require the vendor to  
45.18 provide data analytics capabilities, including, but not limited to, predictive modeling  
45.19 techniques and other forms of advanced analytics that will integrate into the current tax  
45.20 processing system to detect compliance issues before tax return processing is completed,  
45.21 and optimization algorithms that will assist the commissioner in maximizing revenues  
45.22 collected with current levels of compliance staff.

45.23            Subd. 2. **Proof of concept phase.** The selected vendor, at no cost to the state, shall  
45.24 implement its recommendations on a subset of data provided by the commissioner to  
45.25 demonstrate the cost-savings potential of the recommendations.

45.26            Subd. 3. **Data.** Data provided to the vendor by the commissioner for the proof of  
45.27 concept phase must not include not public data, as defined in section 13.02, subdivision 8a.

45.28            Subd. 4. **Full implementation phase.** The request for proposal must require the  
45.29 state to implement the recommendations provided by the vendor if the work done under  
45.30 the requirements of subdivision 2 provides material savings to the state. After the full  
45.31 implementation of the system provided by the vendor, the vendor shall be paid by the state  
45.32 from the savings attributable to the work done by the vendor, according to the terms and  
45.33 performance measures negotiated in the contract.

45.34            Subd. 5. **Selection of vendor.** The commissioner of administration shall select a  
45.35 vendor from the responses to the request for proposal by September 1, 2011.

46.1            Subd. 6. **Progress report.** The commissioner shall provide a report describing the  
46.2 progress made under this section to the governor and the chairs and ranking minority  
46.3 members of the legislative committees with jurisdiction over the commissioner of revenue  
46.4 by January 15, 2012. The report shall provide a dynamic scoring analysis of the work  
46.5 described in the report.

46.6            Sec. 49. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

46.7            Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner  
46.8 of administration shall issue a request for proposals for a contract to provide  
46.9 recommendations for efficiencies in strategic sourcing to the commissioner. For the  
46.10 purposes of this section, "strategic sourcing" has the meaning given in Minnesota Statutes,  
46.11 section 16C.02, subdivision 20. The request for proposals shall require the vendor to  
46.12 provide recommendations for improvements to methods used by the commissioner  
46.13 to analyze and reduce spending on goods and services, including, but not limited to,  
46.14 spend analysis, product standardization, contract consolidation, negotiations, multiple  
46.15 jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and  
46.16 other techniques.

46.17            Subd. 2. **Proof of concept phase.** The request for proposal shall require the selected  
46.18 vendor, at no cost to the state, to begin work on the contract by assisting the commissioner  
46.19 in implementing its proposed solution on selected state procurement processes to  
46.20 demonstrate the savings provided by the recommendations. The system provided by the  
46.21 vendor must be capable of application to the state procurement system.

46.22            Subd. 3. **Full implementation and payment.** The request for proposal must require  
46.23 the state to implement the recommendations provided by the vendor in the entire state  
46.24 procurement system if the work done under the requirements of subdivision 2 provides  
46.25 material savings to the state. After the full implementation of the system provided by the  
46.26 vendor, the vendor shall be paid by the state from the savings attributable to the work done  
46.27 by the vendor, according to the terms and performance measures negotiated in the contract.

46.28            Subd. 4. **Selection of vendor.** The commissioner of administration shall select a  
46.29 vendor from the responses to the request for proposal by September 1, 2011.

46.30            Subd. 5. **Progress report.** The commissioner shall provide a report describing the  
46.31 progress made under this section to the governor and the chairs and ranking minority  
46.32 members of the legislative committees with jurisdiction over the commissioner of  
46.33 administration by January 15, 2012.

APPENDIX  
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