A bill for an act

relating to government reform; requiring a system of zero-based budgeting; providing for sunset and review of state agencies; amending Minnesota Statutes 2010, sections 16A.103; 16A.11, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 16A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, section 16A.103, subdivisions 1b, 4.

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

ARTICLE 1

ZERO-BASED BUDGETING

Section 1. Minnesota Statutes 2010, section 16A.103, is amended to read:

16A.103 FORECASTS OF REVENUE AND EXPENDITURES.

Subdivision 1. **State revenue and expenditures.** In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the Legislative Commission on Planning and Fiscal Policy, delivery to the legislature must include a presentation to the commission. The portion of each forecast dealing with state expenditures must forecast these expenditures only for the remainder of the current biennium.

Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures for the remainder of the current biennium must be

estimated for all obligations imposed by law and those projected to occur as a result of variables outside the control of the legislature. Expenditure estimates must not include an allowance for inflation.

~~Subd. 1b. **Forecast variable.** In determining the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.~~

Subd. 1c. **Expenditure data.** State agencies must submit any revisions in expenditure data for the remainder of the current biennium the commissioner determines necessary for the forecast to the commissioner at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by the commissioner must be made available to legislative fiscal staff no later than three weeks prior to the release of the forecast.

Subd. 1d. **Revenue data.** On a monthly basis, the commissioner must provide legislative fiscal staff with an update of the previous month's state revenues no later than 12 days after the end of that month.

Subd. 1e. **Economic information.** The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Subd. 1f. **Personal income.** In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents.

Subd. 1g. **Period to be forecast.** A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two

biennium<u>s. However, each forecast must cover expenditures only for the remainder of the current biennium.</u>

Subd. 2. **Local revenue.** In February and November of each year, the commissioner of revenue shall prepare and deliver to the governor and the legislature forecasts of revenue to be received by school districts as a group, counties as a group, and the group of cities and towns that have a population of more than 2,500. The forecasts must assume the continuation of current laws, projections of valuation changes in real property, and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for property taxes, state and federal aids, local sales taxes, if any, and a single projection for all other revenue for each group of affected local governmental units.

~~Subd. 4. **Report on expenditure increases.** By January 10 of an odd-numbered year, the commissioner of management and budget must report on those programs or components of programs for which expenditures for the next biennium according to the forecast issued the previous November are projected to increase more than 15 percent over the expenditures for that program in the current biennium. The report must include an analysis of the factors that are causing the increases in expenditures.~~

Sec. 2. **[16A.106] ZERO-BASED BUDGETING.**

<u>(a) The proposed budget of each state agency and each entity in the legislative branch and judicial branch must be prepared in a manner such that the base budget of the agency or entity is assumed to be zero, and each proposed expenditure must be justified as if it were a new expenditure.</u>

<u>(b) The commissioner's budget preparation rules and instructions must contain requirements, deadlines, and technical assistance to facilitate implementation of this section. The instructions may establish parameters for the three alternative funding levels required in clause (3). The instructions must require each executive agency to submit the following information to the commissioner, and must also be contained in the detailed budget presented to the legislature:</u>

<u>(1) a description of each activity for which the agency or entity receives an appropriation in the current biennium or for which the agency or entity requests an appropriation in the next biennium;</u>

<u>(2) the legal basis for each activity;</u>

<u>(3) for each activity, three alternative funding levels, and a summary of the priorities that would be accomplished within each level, and the additional increments of value that would be added by the higher funding levels; and</u>

(4) for each activity, one or more measures of cost efficiency and effectiveness of program delivery, which must include comparisons to other states or entities with similar programs.

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

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

~~(b) Tables listing expenditures for the next biennium must show the appropriation base for each year. The appropriation base is the amount appropriated for the second year of the current biennium. The tables must separately show any adjustments to the base required by current law or policies of the commissioner of management and budget. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of management and budget under section 16A.103. For all programs, the tables must show the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.~~

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

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

Sec. 4. **IMPLEMENTATION.**

The principles of zero-based budgeting required by section 16A.106 must be implemented for approximately half of executive branch agencies for the biennium beginning July 1, 2011, and for the remaining agencies for the biennium beginning July 1, 2013. The governor must designate which agencies are in each category. For agencies subject to zero-based budgeting for the biennium beginning July 1, 2011, agencies must

submit supplemental budget materials, in compliance with section 2, as soon as possible after enactment of this act.

Sec. 5. **REPEALER.**

Minnesota Statutes 2010, section 16A.103, subdivisions 1b and 4, are repealed.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 2

MINNESOTA SUNSET ACT

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 by the governor, as follows:

(1) three senators and three members of the house of representatives, with no more than three of the six legislators being from the same political party; and

(2) six public members, including members with executive-level experience in business management, mergers and consolidation, finance, law, and accounting.

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

Subd. 4. **Terms.** Legislative members serve two-year terms expiring September 1 of each odd-numbered year. Public members serve two-year terms expiring September 1 of each odd-numbered year.

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

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

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

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

Subd. 6. **Appointments.** The governor shall make appointments before September 1 of each odd-numbered year.

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

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

Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding officers. The chair and vice-chair must alternate every two years between the two membership groups: legislators and public members. The chair and vice-chair may not be from the same membership group.

Subd. 10. **Quorum; voting.** Seven members of the commission constitute a quorum. A final action or recommendation may not be made unless approved by a

recorded vote of at least seven members. All other actions by the commission shall be decided by a majority of the members present and voting.

Subd. 11. **Compensation.** Each member of the commission is entitled to reimbursement for actual and necessary expenses incurred in performing commission duties. Each legislative member is entitled to reimbursement from the appropriate fund of the member's respective legislative body. Each public member is entitled to reimbursement from funds appropriated to the commission.

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

The commission shall employ an executive director to act as the executive head of the commission. The executive director shall employ persons necessary to carry out this chapter.

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

The commission shall adopt rules necessary to carry out this chapter.

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

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

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

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

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

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

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

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

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

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

(3) review the implementation of commission recommendations contained in the reports presented to the legislature during the preceding legislative session and the resulting legislation.

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

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

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

At each regular legislative session, the commission shall present to the legislature and the governor a report on the agencies and advisory committees reviewed. In the report the commission shall include:

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

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

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

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

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

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

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

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

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

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

(6) the extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies, the extent to which the agency

coordinates with those agencies, and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies;

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

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

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

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

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

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

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

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

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

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

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

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

(c) The commission shall have drafts of legislation prepared to carry out the commission's recommendations under this section.

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

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

During each legislative session, the staff of the commission shall monitor legislation affecting agencies that have undergone sunset review and shall periodically report to the members of the commission on proposed changes which would modify prior recommendations of the commission.

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Funds of abolished agency or advisory committee.** (a) Any unobligated and unexpended appropriations of an abolished agency or advisory committee lapse on September 1 of the even-numbered year after abolishment.

(b) Except as provided by subdivision 4 or as otherwise provided by law, all money in a dedicated fund of an abolished state agency or advisory committee on September 1 of the even-numbered year after abolishment is transferred to the general fund. The part of the law dedicating the money to a specific fund of an abolished agency becomes void on September 1 of the even-numbered year after abolishment.

Subd. 3. **Property and records of abolished agency or advisory committee.** Unless the governor designates an appropriate state agency as prescribed by subdivision 4, property and records in the custody of an abolished state agency or advisory committee on September 1 of the even-numbered year after abolishment must be transferred to the commissioner of administration. If the governor designates an appropriate state agency, the property and records must be transferred to the designated state agency.

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

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

(c) The designated state agency shall provide payment from the sources of payment of the bonds in accordance with the terms of the bonds and shall provide payment from

the sources of payment of all other obligations, including lease, contract, and other written obligations, in accordance with their terms, whether from taxes, revenues, or otherwise, until the bonds and interest on the bonds are paid in full and all other obligations, including lease, contract, and other written obligations, are performed and paid in full. If the proceedings so provide, all funds established by laws or proceedings authorizing the bonds or authorizing other obligations, including lease, contract, and other written obligations, must remain with the comptroller or the previously designated trustees. If the proceedings do not provide that the funds remain with the comptroller or the previously designated trustees, the funds must be transferred to the designated state agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

The commission may accept gifts, grants, and donations from any organization described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding any activity under this chapter. All gifts, grants, and donations must be accepted in an open meeting by a majority of the voting members of the commission and reported in the public record of the commission with the name of the donor and purpose of the gift, grant, or donation. Money received under this section is appropriated to the commission.

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

Subdivision 1. **Group 1.** The following agencies are subject to sunset review before June 30, 2013: Department of Health, Department of Human Rights, Department of Human Services, all health-related licensing boards listed in section 214.01, Council on Affairs of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups associated with these agencies.

Subd. 2. **Group 2.** The following agencies are subject to sunset review before June 30, 2015: Department of Education, Board of Teaching, Minnesota Office of Higher Education, and all advisory groups associated with these agencies.

Subd. 3. **Group 3.** The following agencies are subject to sunset review before June 30, 2017: Department of Commerce, Department of Employment and Economic Development, Department of Labor and Industry, all non-health-related licensing boards listed in section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of Mediation Services, Combative Sports Commission, Amateur Sports Commission, and all advisory groups associated with these agencies.

Subd. 4. **Group 4.** The following agencies are subject to sunset review before June 30, 2019: Department of Corrections, Department of Public Safety, Department of Transportation, Peace Officer Standards and Training Board, Corrections Ombudsman, and all advisory groups associated with these agencies.

Subd. 5. **Group 5.** The following agencies are subject to sunset review before June 30, 2021: Department of Agriculture, Department of Natural Resources, Pollution Control

Agency, Board of Animal Health, Board of Water and Soil Resources, and all advisory groups associated with these agencies.

Subd. 6. **Group 6.** The following agencies are subject to sunset review before June 30, 2023: Department of Administration, Department of Management and Budget, Department of Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board, Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public Disclosure Board, Capitol Area Architectural and Planning Board, Office of Enterprise Technology, Minnesota Racing Commission, and all advisory groups associated with these agencies.

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

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

APPENDIX
Article locations in 11-0796

ARTICLE 1 ZERO-BASED BUDGETING ..... Page.Ln 1.9
ARTICLE 2 MINNESOTA SUNSET ACT ..... Page.Ln 5.7

16A.103 FORECASTS OF REVENUE AND EXPENDITURES.

Subd. 1b. **Forecast variable.** In determining the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 4. **Report on expenditure increases.** By January 10 of an odd-numbered year, the commissioner of management and budget must report on those programs or components of programs for which expenditures for the next biennium according to the forecast issued the previous November are projected to increase more than 15 percent over the expenditures for that program in the current biennium. The report must include an analysis of the factors that are causing the increases in expenditures.