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; providing a state employee salary freeze; providing an HSA-eligible high-deductible health plan for state employees; requiring a 15 percent reduction in the state workforce; requiring a 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; 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 appropriations listed under them are available for the fiscal year ending June 30, 2012, or

June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

		APPROPRIATIONS Available for the Year Ending June 30	
		2012	**2013**

Sec. 2. **LEGISLATURE**

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

Appropriations by Fund

	2012	2013
General	61,554,000	61,554,000
Health Care Access	178,000	178,000

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

Subd. 2. **Senate**	**20,733,000**	**20,733,000**
Subd. 3. **House of Representatives**	**27,874,000**	**27,874,000**
Subd. 4. **Legislative Coordinating Commission**	**13,125,000**	**13,125,000**

Appropriations by Fund

General	12,947,000	12,947,000
Health Care Access	178,000	178,000

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

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

(a) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Government Innovation and Veterans Affairs Committee and the house of representatives

State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(b) During the biennium ending June 30, 2013, the Office of the Governor may not receive payments of more than $670,000 each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support personnel costs incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor. The authority in this paragraph supersedes other law enacted in 2011 that limits the ability of the office to enter into agreements relating to personnel costs with other executive branch agencies or prevents the use of appropriations made to other agencies for agreements with the office under Minnesota Statutes, section 15.53.

Sec. 4. **STATE AUDITOR**	**$**	**7,280,000**	**$**	**7,280,000**

$5,138,000 of this appropriation each year is for the Audit Practice Division.

Sec. 5. **ATTORNEY GENERAL**	**$**	**21,152,000**	**$**	**21,152,000**

Appropriations by Fund

	2012	2013
General	18,873,000	18,873,000
State Government Special Revenue	1,884,000	1,884,000

Environmental	145,000	145,000
Remediation	250,000	250,000

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

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

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

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**	**$**	**689,000**	**$**	**689,000**
Sec. 8. **INVESTMENT BOARD**	**$**	**139,000**	**$**	**139,000**
Sec. 9. **ADMINISTRATIVE HEARINGS**	**$**	**7,634,000**	**$**	**7,504,000**

Appropriations by Fund

	2012	2013
General	384,000	254,000
Workers' Compensation	7,250,000	7,250,000

$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Until June 30, 2013, the chief administrative law judge may not make any assessment against a county or counties under Minnesota Statutes, section 211B.37. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2014 is $130,000, to be available for the biennium, under the same terms.

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY**	**$**	**4,635,000**	**$**	**4,635,000**

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

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation**	**$**	**17,245,000**	**$**	**17,245,000**

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

Subd. 2. **Government and Citizen Services**	14,310,000	14,310,000

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

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

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

Subd. 3. **Administrative Management Support**	1,460,000	1,460,000
Subd. 4. **Public Broadcasting**	1,475,000	1,475,000

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

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

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

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

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

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

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

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

Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**	**$**	**325,000**	**$**	**325,000**
Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET**	**$**	**17,073,000**	**$**	**16,823,000**

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

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

Sec. 14. **REVENUE**

Subdivision 1. **Total Appropriation**	**$**	**124,716,000**	**$**	**124,766,000**

Appropriations by Fund

	2012	2013
General	120,481,000	120,531,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

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

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

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

Appropriations by Fund

General	94,507,000	94,557,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

Subd. 3. **Debt Collection Management**		25,974,000		25,974,000
Sec. 15. **GAMBLING CONTROL**	**$**	**2,740,000**	**$**	**2,740,000**

These appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 16. **RACING COMMISSION**	**$**	**899,000**	**$**	**899,000**

These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 17. **AMATEUR SPORTS COMMISSION**	**$**	**248,000**	**$**	**248,000**
Sec. 18. **EXPLORE MINNESOTA TOURISM**	**$**	**7,909,000**	**$**	**7,809,000**

(a) Of this amount, $10,000 each year is for a grant to the Upper Minnesota Film Office.

(b)(1) To develop maximum private sector involvement in tourism, $500,000 the first year and $500,000 the second year must be matched by Explore Minnesota Tourism from nonstate sources. Each $1 of state incentive must be matched with $3 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in the first year shall be based on fiscal year 2011 private sector contributions. The incentive in the second year will be based on fiscal year 2012 private sector contributions. This incentive is ongoing.

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

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

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

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

Sec. 19. **MINNESOTA HISTORICAL SOCIETY**

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

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

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

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. **Preservation and Access**		8,479,000		8,479,000
Subd. 4. **Fiscal Agent**				
(a) Minnesota International Center		39,000		39,000
(b) Minnesota Air National Guard Museum		14,000		-0-
(c) Minnesota Military Museum		90,000		-0-
(d) Farmamerica		115,000		115,000
(e) Hockey Hall of Fame		68,000		68,000
(f) Balances Forward				

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 5. **Fund Transfer**

The Minnesota Historical Society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes and the appropriations are available in either year of the biennium.

Sec. 20. **BOARD OF THE ARTS**

Subdivision 1. **Total Appropriation**	**$**	**6,672,000**	**$**	**6,672,000**

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

Subd. 2. **Operations and Services**		504,000		504,000
Subd. 3. **Grants Program**		4,266,000		4,266,000
Subd. 4. **Regional Arts Councils**		1,902,000		1,902,000

Sec. 21. **MINNESOTA HUMANITIES CENTER**	**$**	**928,000** **$**	**928,000**

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

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

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

By January 15 of each year, each council receiving a grant under this section shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over the council. The report must describe the results obtained with the use of the grant, including a description and evaluation of how the council accomplished its statutory duties in the preceding year.

Sec. 22. **Minnesota Indian Affairs Council**	**$**	**422,000** **$**	**422,000**

Of this appropriation $167,000 each year is for a cultural resources specialist to assist the council with the duties assigned to it relating to Indian burial grounds under Minnesota Statutes, section 307.08.

Sec. 23. **PUBLIC FACILITIES AUTHORITY**	**$**	**82,000**	**$**	**82,000**

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

Sec. 24. **SCIENCE MUSEUM OF MINNESOTA**	**$**	**1,009,000**	**$**	**1,009,000**
Sec. 25. **TORT CLAIMS**	**$**	**161,000**	**$**	**161,000**

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

Sec. 26. **MINNESOTA STATE RETIREMENT SYSTEM**

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

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

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

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

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

Under Minnesota Statutes, section 352C.001.

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

Sec. 27. **MERF DIVISION ACCOUNT**	**$**	**22,750,000**	**$**	**22,750,000**

These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 28. **TEACHERS RETIREMENT ASSOCIATION**	**$**	**15,454,000**	**$**	**15,454,000**

The amounts estimated to be needed are as follows:

(a) **Special direct state aid.** $12,954,000 the first year and $12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) **Special direct state matching aid.** $2,500,000 the first year and $2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.

Sec. 29. **ST. PAUL TEACHERS RETIREMENT FUND**	**$**	**2,827,000**	**$**	**2,827,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 30. **DULUTH TEACHERS RETIREMENT FUND**	**$**	**346,000**	**$**	**346,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 31. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed $29,000,000 in fiscal year 2012 and $29,000,000 in fiscal year 2013.

Sec. 32. **GENERAL CONTINGENT ACCOUNTS** $ 1,000,000 $ 500,000

Appropriations by Fund	2012	2013
General	500,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

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

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

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

Sec. 33. **PROBLEM GAMBLING APPROPRIATION.**

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

Sec. 34. **SAVINGS; APPROPRIATION REDUCTION.**

Subdivision 1. **Executive and judicial branch agencies.** The commissioner of management and budget must reduce general fund appropriations to executive and judicial branch agencies for agency operations for the biennium ending June 30, 2013, by $302,100,000. To the greatest extent possible, these reductions must come from savings provided by the reforms, efficiencies, and cost-savings measures contained in this act, including:

(1) reduction in the number of full-time equivalent employees;

(2) salary and benefit changes;

(3) elimination of deputy and assistant commissioner positions;

(4) operational efficiencies and cost savings obtained under contracts with vendors; and

(5) verification of dependent eligibility for state employee group insurance coverage.

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

Subd. 2. **Legislature.** The commissioner of management and budget must reduce general fund appropriations to the legislature for the biennium ending June 30, 2013, by $6,709,000. To the greatest extent possible, these reductions must come from savings provided by the salary and benefit changes contained in this act.

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

ARTICLE 2

MILITARY AFFAIRS AND VETERANS AFFAIRS

Section 1. **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 and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

APPROPRIATIONS
Available for the Year

		Ending June 30	
		2012	**2013**

Sec. 2. **MILITARY AFFAIRS**

Subdivision 1. **Total Appropriation**	**$**	**20,871,000**	**$**	**20,871,000**

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

Subd. 2. **Maintenance of Training Facilities**	6,660,000	6,660,000
Subd. 3. **General Support**	2,363,000	2,363,000
Subd. 4. **Enlistment Incentives**	11,848,000	11,848,000

$1,500,000 each year is for the National Guard's tuition reimbursement program. This is a onetime appropriation.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation**	**$**	**57,795,000**	**$**	**58,595,000**

Appropriations by Fund

	2012	2013
General	57,695,000	58,595,000
Special Revenue	100,000	-0-

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

Subd. 2. **Veterans Services**	13,879,000	13,779,000

Appropriations by Fund

	2012	2013
General	13,779,000	13,779,000
Special Revenue	100,000	-0-

$100,000 in the first year is from the "Support Our Troops" account established under Minnesota Statutes, section 190.19, subdivision 2a, for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

$945,000 each year is for the higher education veterans assistance program under Minnesota Statutes, section 197.585. This is a onetime appropriation.

The amount appropriated from the general fund under Minnesota Statutes, section 197.791, subdivision 6, to pay benefit amounts under Minnesota Statutes, section 197.791, subdivision 5, must not exceed $794,000 the first year and $864,000 the second year. If the appropriation under Minnesota Statutes, section 197.791, subdivision 6, is insufficient for either year of the biennium, the appropriation from the other year is available for it.

$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Subd. 3. **Veterans Homes**	43,916,000	44,816,000

Veterans Homes Special Revenue Account. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

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

Sec. 4. **VETERANS HOMES**

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

(1) ~~$1,000,000~~ $800,000 in fiscal year 2011 is for operational expenses related to the 21-bed addition at the Fergus Falls Veterans Home and $200,000 is for start-up costs at the Minneapolis adult day care center, and any money unspent at the end of fiscal year 2011 for either of these purposes carries forward and is available in fiscal year 2012; and

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

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

Sec. 5. **REPEALER.**

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

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 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.

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

Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing authority. Public members serve two-year terms expiring the first Monday in January 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.** Appointments must be made before the first Monday in January 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 appointing authority 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.

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 public member shall be reimbursed for expenses as provided in section 15.0575. Compensation for legislators is as determined by the members' legislative chamber.

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

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

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

The commission may 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 sunset, 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 sunset, the commission shall:

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

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

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

Before February 1 of the year a state agency subject to this chapter and its advisory committees are sunset, 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.**

By February 1 of each even-numbered year, 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, including legislation necessary to continue the existence of agencies that would otherwise sunset if the commission recommends continuation of an agency.

(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 that 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 on the date set for sunset 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 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 June 30 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 June 30 of the 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 June 30 of the 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 June 30 of the 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 June 30 of the 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 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 sunset and expire on June 30, 2012: 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 sunset and expire on June 30, 2014: 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 sunset and expire on June 30, 2016: 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 sunset and expire on June 30, 2018: 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 sunset and expire on June 30, 2020: 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 sunset and expire on June 30, 2022: 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 may act within the same legislative session in which the sunset report was received on Sunset Advisory Commission recommendations to 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.

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

15.057 PUBLICITY REPRESENTATIVES AND LEGISLATIVE LIAISONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 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. Expenditures for the current biennium must be based on actual appropriations or, for forecasted programs, the amount needed to fund the formula in law. The base for expenditures projections for the next biennium is the amount appropriated in the second year of the current biennium, or, for forecasted programs, the amount needed to fund the formula in law. Expenditure estimates must not include an allowance for inflation.

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

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

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

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

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

(1) a description of each budget 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;

(2) for each budget activity, three alternative funding levels or alternative ways of performing the budget activity, 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

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

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

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

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

Sec. 29. 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) For programs designated for the zero-based budgeting principles under section 16A.106, the budget must be prepared according to the requirements of that section.

(c) For programs not designated for zero-based budgeting principles under section 16A.106, tables listing expenditures for the next biennium must show the appropriation base for each year as defined in section 16A.103, subdivision 1c. ~~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)~~ (d) 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)~~ (e) 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. 30. Minnesota Statutes 2010, section 16B.03, is amended to read:

16B.03 APPOINTMENTS.

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

Sec. 31. **[16D.20] FEDERAL OFFSET PROGRAM.**

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

(b) The commissioner shall reduce any state payment by the amount of any federal debt submitted in accordance with the agreement authorized by this section, and pay such amount to the appropriate federal official in accordance with the procedures specified in such agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) student workers;

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

(17) employees unclassified pursuant to other statutory authority;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 35. **[43A.347] REDUCTION IN STATE WORK FORCE; EARLY RETIREMENT PROGRAM.**

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

(b) An appointing authority may use any or all of the following to achieve this requirement: attrition, a hard hiring freeze, early retirement incentives authorized in this section, restructuring of benefit or pension programs as authorized by other law, furloughs, and layoffs. The early retirement program in this section is enacted as a tool to assist in complying with the required 15 percent reduction.

(c) For purposes of this section:

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

(2) "executive branch" does not include the Minnesota State Colleges and Universities, peace officers licensed under chapter 626, the Department of Military Affairs, the Department of Veterans Affairs, employees of the Department of Corrections who spend at least 75 percent of their time in direct contact with inmates or patients, and the State Patrol.

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

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

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

(c) Upon request of an appointing authority considering offering an incentive under this subdivision, the executive director of the public pension plan in which an employee would be granted additional service credit under this subdivision must prepare an estimate of the present value of the additional service credit that would be granted to an employee under this subdivision. For each employee accepting an incentive under this subdivision, the appointing authority offering the incentive must pay the applicable public pension plan, from the first dollars of savings achieved through offering the incentive, the present value of the additional service credit granted to the employee, taking into account the date payment will be received from the appointing authority. The appointing authority must make this payment to the pension plan within one year of the date the employee accepting the incentive leaves state service.

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

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

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

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

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

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

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

Sec. 36. Minnesota Statutes 2010, section 45.013, is amended to read:

45.013 POWER TO APPOINT STAFF.

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

Sec. 37. Minnesota Statutes 2010, section 84.01, subdivision 3, is amended to read:

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

Sec. 38. Minnesota Statutes 2010, section 116.03, subdivision 1, is amended to read:

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

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

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

Sec. 39. Minnesota Statutes 2010, section 116J.01, subdivision 5, is amended to read:

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

(b) The commissioner may establish divisions and offices within the department. ~~The commissioner may employ four deputy commissioners in the unclassified service.~~

(c) The commissioner shall:

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

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

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

Sec. 40. Minnesota Statutes 2010, section 116J.035, subdivision 4, is amended to read:

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

Sec. 41. Minnesota Statutes 2010, section 174.02, subdivision 2, is amended to read:

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

Sec. 42. Minnesota Statutes 2010, section 241.01, subdivision 2, is amended to read:

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

Sec. 43. Minnesota Statutes 2010, section 270C.41, is amended to read:

270C.41 AGREEMENT WITH ~~INTERNAL REVENUE SERVICE~~ FEDERAL GOVERNMENT.

Subdivision 1. **Agreement with Internal Revenue Service.** Pursuant to section 270B.12, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department. For each refund levied upon, the commissioner shall first deduct from the refund a fee of $20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

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

Sec. 44. **STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT ELIGIBILITY VERIFICATION AUDIT SERVICES.**

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

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

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

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

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

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

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

(3) a formal claims and appeals process; and

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

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

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

Sec. 45. **STATE BUILDING EFFICIENCY.**

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

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

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

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

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

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

Sec. 46. **FLEET MANAGEMENT IMPROVEMENTS.**

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

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

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

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

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

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

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

Sec. 47. **TAX FRAUD PREVENTION AND DETECTION.**

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

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

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

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

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

Subd. 6. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of revenue and data practices by January 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report and address data access and privacy issues involved in implementation of the system.

Sec. 48. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

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

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

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

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

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

Sec. 49. **ESTIMATED REVENUE.**

The initiatives in sections 31, 47, and 48 are expected to result in new general fund revenues of $169,900,000 for the biennium ending June 30, 2013.

APPENDIX
Article locations in s1047-2

197.585 HIGHER EDUCATION VETERANS ASSISTANCE PROGRAM.

Subd. 5. **Expiration.** This section expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education is fewer than 4,000, but no later than June 30, 2012.