

HF289 - 0 - State Agency Value Initiative Program Established

Chief Author: **Duane Quam**
 Committee: **State Government Finance and Policy**
 Date Completed: **2/7/2025 8:02:06 AM**
 Lead Agency: **Minn Management and Budget**
 Other Agencies:
 Legislature

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
State Total						
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 2/7/2025 8:02:06 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

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Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 2/6/2025 2:32:13 PM
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State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill establishes the State Agency Value Initiative (SAVI). The initiative allows 50 percent of an agency's unspent operating appropriations at the end of a biennium to be carried forward into the next biennium if attributable to unanticipated innovation, efficiencies, or creative cost-savings. The funds carried forward can be spent on proposals or projects meeting certain conditions. Agencies must establish a peer review panel meeting certain criteria to determine which proposals or projects receive SAVI funds.

Minnesota Management and Budget (MMB) must approve spending from the SAVI account for a project. Before MMB approves a project, MMB must submit the request to the Legislative Advisory Commission (LAC) for its review and recommendation. The bill establishes certain protocols for the LAC review process. Failure of the LAC to make a recommendation is considered a negative recommendation.

The bill is effective June 30, 2025, and first applies to funds to be carried forward from the biennium ending June 30, 2025, to the biennium beginning July 1, 2026.

Assumptions

The SAVI program was first enacted by the Legislature in the 2011 legislative session and was effective beginning June 30, 2013 (MS 15.76). The program expired June 30, 2018. While the language of MS 15.76 was not identical to the language in this bill, it is substantively similar.

When the SAVI program was active from 2013-2018, MMB received only one request, which was submitted to the LAC and ultimately approved. This approved project allowed the agency to carryforward \$75,000 into FY 2014.

Historically, participation in the SAVI program has been very low. As an alternative option, agencies can utilize the Information and Telecommunications Account (otherwise known as "Odyssey Funds") under MS 16E.21 to carryforward funds beyond the biennium. Unlike the requirements in this bill, the amount of funds carried forward under MS 16E.21 are not limited to 50%. For these reasons, MMB does not assume significant administrative effort required of the agency to manage the SAVI program. Moreover, MMB does not assume any impacts to cancellation estimates included in the state's budget statements (e.g., the General Fund Balance Analysis).

MMB assumes funds would be available for biennium beginning July 1, 2025.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat

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Chief Author: **Duane Quam**
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 Date Completed: **2/7/2025 8:02:06 AM**
 Agency: **Legislature**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 2/4/2025 11:16:39 AM
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State Cost (Savings) Calculation Details

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Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill creates a State Agency Value Initiative (SAVI) program to encourage state agencies to save money by allowing them to carry forward 50% of appropriations that are unspent because of the use of more cost-effective or efficient programs. This new SAVI money can be spent with the approval of an in-agency review panel, the MMB Commissioner, and the approval of the Legislative Advisory Commission (LAC).

Assumptions

- SF310 (companion HF87), introduced in 2021 session, had language similar to this bill to reestablish the SAVI program. When the fiscal note for HF87-0 was completed, it was advised that one program request was received and approved by the LAC over a six-year period from 2013-2018.
- House Fiscal Analysis (HFA) and Senate Counsel, Research and Fiscal Analysis (SCRFA) currently provide analysis support to the LAC.
- Assuming that the number of program requests may be similar to 2013-2018 requests and the amount of LAC meetings are at the same pace, HFA and SCRFA would be able to continue to provide support to the LAC with existing staff resource and costs may be absorbed, although that will depend on the priorities of the legislature and staff time required for competing projects.
- This note does not project what cost executive branch agencies may have supporting / participating in meetings of the LAC, presenting of requests, or in administration of approved programs.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Nominal cost would be ongoing.

Local Fiscal Impact

N/A

References/Sources

Emily Adriaens, House of Representatives

Eric Nauman, Minnesota Senate
Michelle Yurich, Legislative Coordinating Commission

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