

Subject State Government Policy

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Overview

This is the omnibus state government policy bill for the 2025 regular session.

Among other things, H.F. 1837 would designate state symbols, repeal inactive legislative commissions, prohibit certain terms in state procurement contracts, allow state agencies to share data and withhold payments due to suspected or confirmed fraud, rename the Office of Administrative Hearings to the Court of Administrative Hearings, establish a retained savings program to encourage agency innovation and cost-savings, require agencies to post organizational charts online, modify the state's small business procurement program, expand whistleblower protections for state employees, and modify state personnel management statutes.

Article 1: State Government Policy

This article contains the policy provisions that do not pertain to state personnel management.

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| 1 | State fossil.
Designates <i>Castoroides ohioensis</i> , commonly known as the giant beaver, as Minnesota's official state fossil. Requires the Office of the Secretary of State to preserve a photograph of the giant beaver that is approved by the Department of Natural Resources. |
| 2 | State constellation.
Designates Ursa Minor as Minnesota's official state constellation. |
| 3 | Chair and vice-chair.
Specifies that when not serving as chair, the speaker of the house of representatives or the president of the senate serves as the Legislative Coordinating Commission's vice-chair. |

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- Background: The legislature established the Legislative Coordinating Commission in 1973 to coordinate the legislative activities of the house of representatives and senate and the joint legislative commissions, committees, offices, and task forces.
- 4 **Definitions.**
Adds the Legislative Coordinating Commission to the definition of “joint (legislative) offices.”
- 5 **Joint legislative studies.**
Provides that an appropriation of funding for a joint legislative study that is assigned by law to an existing legislative office should be made to the office itself, not to the Legislative Coordinating Commission.
- 6 **Staff; compensation.**
Requires the Office of the Legislative Auditor (OLA) to establish a separate Special Reviews Division to fulfill relevant statutory duties.
- 7 **Special reviews.**
Expands the scope of OLA’s special review authority. Authorizes OLA to conduct a special review to investigate allegations that individuals and organizations subject to audit by OLA did not comply with legal requirements generally. Authorizes OLA to conduct follow-up special reviews. Background: under current law and this bill, individuals and organizations subject to audit by OLA include state agencies, Minnesota State, the University of Minnesota, and various quasi-state agencies including the Minnesota Historical Society and the Metropolitan Airports Commission (Minn. Stat. § 3.971, subd. 6).
- 8 **Obligation to notify the legislative auditor.**
Expands the obligation to notify OLA when an organization subject to OLA audit obtains information indicating that public money, other public resources, or government data may have been used for an unlawful purpose. Requires deputy and assistant chief executive officers (e.g., deputy and assistant commissioners), chief administrative officers, chief investigative officers, divisions heads, and, where applicable, board chairs, to report to OLA under this section.
- 9 **Contracts.**
Exempts the State Board of Investment’s investment contracts from certain elements of the new state procurement contract limitations in section 34.
- 10 **Procedure when data is not accurate or complete.**
Authorizes the responsible authority under the Government Data Practices Act to submit to the Department of Administration the private data at issue when an

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individual appeals the responsible authority's determination regarding the accuracy or completeness of public or private data about the individual. Allows the department to disclose any private data in the appeal record to the Office of Administrative Hearings. If an appeal results in the responsible authority correcting or destroying data, this section would classify as private any data that the Department of Administration retains for record-keeping purposes.

Backround: The Government Data Practices Act (Minn. Stat. ch. 13) allows individuals to challenge the accuracy or completeness of data that a government entity has about them. This initial challenge goes to the main data practices compliance official within that government entity, i.e. "the responsible authority."

11 Data sharing.

Allows any government entity to disclose data of any classification to any other government entity or law enforcement agency if the data is related to suspected or confirmed fraud in public programs and would promote the protection of public resources or the integrity of public programs, or aid law enforcement.

12 Creation.

Changes the name of the Office of Administrative Hearings (OAH) to the Court of Administrative Hearings.

13 Chief administrative law judge.

Technical: changes "office" to "court" to conform to the change in the prior section.

14 Writing required.

Provides that an agency request for remand under section 16 must be supported by the agency's reasoning.

15 Administrative law judge decision final; exception.

Provides that an OAH order or report is not the final decision in the case if the agency requests remand under section 16 within 90 days.

16 Agency request for remand.

Authorizes agencies to request remand of an OAH finding of fact, conclusion of law, or recommendation within 45 days. Requires the agency to state with specificity the reasons for the request and provide supporting information. Requires OAH to accept a request for remand in certain circumstances. Allows OAH to accept a request for other reasons as justice requires and consistent with the purposes of the Administrative Procedures Act. Requires the chief judge or their designee, upon accepting an agency request for remand, to assign an administrative law judge to conduct further proceedings.

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17 Program payments withheld; fraud.

Allows the head of any state agency to withhold payments to a participant in any program administered by that agency if the agency head determines there is a credible allegation of fraud under investigation and the program participant is a subject of the investigation. Requires the agency to provide notice to the participant. Provides that the withholding is a temporary action and not subject to appeal under the Administrative Procedures Act. Classifies certain government data pertaining to the allegation and withholding as not public during the payment withholding period.

18 Reporting alleged misuse of public resources or data.

Requires the commissioner or other chief executive officer of each state agency to ensure that employee and nonemployee concerns about the misuse of public funds, other public resources, or government data are promptly directed to OLA or agency leadership. Requires Minnesota Management and Budget to develop a policy to standardize this reporting process across state agencies.

19 Organizational charts posted.

Requires state agencies to post an organizational chart on the agency's website that includes the names of, and contact information for, the agency head, deputy and assistant agency heads, and the head of each division or bureau within the agency.

20 SAVI program.

Establishes a retained savings program to encourage state agencies to innovate and identify efficiencies and cost savings. Allows agencies to retain and carry forward half of any amount attributable to unanticipated innovation, efficiencies, or creative cost-savings.

21 Submission of recommendations and determination.

Modifies the deadline for the Compensation Council's salary recommendations for justices and judges. Moves the deadline from April 1 each odd-numbered year to September 1 each even-numbered year.

Background: the 24-member Compensation Council determines salaries for constitutional officers and agency heads, recommends salaries for supreme court justices and district and appeals court judges, and prescribes daily compensation rates for voting members of the Direct Care and Treatment executive board.

22 No ex parte communications.

Provides that the existing prohibition on communications between members of the Compensation Council and those whose compensation the council determines or recommends does not apply to testimony provided during council meetings, other communications when a majority of council members are present, or

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- communications between a council member who is an attorney and an agency head, judge, or justice when such communication is necessary to represent the member's client.
- 23 **Lapse.**
Provides an exception to the general appropriation cancellation rules for money carried forward under the SAVI program established under section 20.
- 24 **Federal Assistive Technology Act.**
Updates references to a federal law that provides support for, and assigns responsibilities to, states concerning the provision of assistive technology to individuals with disabilities (i.e., 2022's "21st Century Assistive Technology Act"). Adds the state Board on Aging to the list of entities that must be represented on a state council that is appointed by the commissioner of administration and required under federal law (i.e., the Minnesota Assistive Technology Advisory Council).
- 25 **Other projects.**
Provides that certain capital projects that are exempt from a requirement to present project plans and anticipated costs to certain committee chairs and/or minority leads for their recommendation or awareness are not exempt from a separate requirement to notify a similar set of chairs and minority leads when the work is ready to begin. Projects that would be subject to this notification requirement include highway rest areas, wastewater facilities, and the demolition or decommissioning of state assets.
- 26 **Reimbursements.**
Requires the Department of Administration to report to the legislature by September 15 each year concerning the rates that the department charges to other state agencies for services provided by the department, such as central mail and the upkeep of state buildings and grounds. Under current law, this report is due by July 1 each year.
- 27 **Vehicles.**
Authorizes the Department of Administration to provide unmarked motor vehicles to the state Office of Ombudsman for Long-Term Care.
- 28 **Definitions.**
Defines "grantee" to include both potential and current recipients of state grants, authorizing the Department of Administration to debar both under Minn. Stat. § 16B.97, subd. 3, clause (6). Exempts certain capital project grants from the Department of Administration's grants management statutes and policies.

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29 Limitation.

Replaces the existing requirement that recipients of state grants agree to minimize administrative costs billed to the state grant with a requirement that recipients agree that these administrative costs must be necessary and reasonable.

30 Reporting of violations.

Requires state employees to promptly report violations of grantmaking laws or rules to their supervisor or manager, the Department of Administration, or the OLA. Under current law, state employees are encouraged to make such reports. If the employee reports to their supervisor, manager, or the Department of Administration, then the supervisor, manager, or Department of Administration must immediately notify OLA. Eliminates language that currently restricts the information that OLA may report to the Legislative Audit Commission when OLA receives multiple complaints about the same agency.

31 Creation and validity of grant agreements.

Provides that grant agreements between the state and grantees must require the grantee to post on its website the names and contact information for the grantee's leadership and the employee or other person who directly manages and oversees the grant for the grantee.

32 Agency authority to not award grant.

Reduces from 30 business days to 15 calendar days the amount of time that each state agency must allow a potential grantee the opportunity to satisfy an agency's concerns regarding the potential grantee's ability to perform the duties required under the grant. Shortens the window for a potential grantee to initiate a contested case proceeding with the Office of Administrative Hearings from 30 business days to 30 calendar days. Eliminates a requirement that agencies consider additional written information submitted by the applicant when the applicant contests the agency's decision within 15 business days.

33 Authority.

Allows the Department of Administration to unilaterally terminate a state grant agreement after determining that performance under the grant agreement is not in the best interests of the state.

34 Unenforceable terms.

Prohibits state entities from agreeing to certain contract terms, such as mandatory arbitration and automatic renewals that would obligate state funds in future fiscal years. Provides that if a state contract contains one of these prohibited terms, the term is void and the contract is enforceable as if the term did not exist. Requires the

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Department of Administration to post a copy of this section on the department's website.

35 Evaluation.

Eliminates the requirement for an annual legislative report from the Department of Administration concerning energy and renewable fuel use by state fleet vehicles and requires the department to post the same information and recommendations on a public dashboard maintained by the department's Office of Enterprise Sustainability.

36 Purchasing methods.

Modifies a statute governing the Department of Administration's Targeted Group Small Business Procurement Program. Eliminates a provision that currently prohibits the department from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a small business or a targeted group small business to subcontract with other small businesses or targeted group small businesses.

Under current law and this bill, targeted group small businesses are those designated by the Department of Administration as majority-owned and -operated by women, persons with a substantial physical disability, or certain racial minorities. Once certified, targeted group small businesses are eligible for up to 12 percent preference in state contracting.

37 Veteran-owned small businesses.

Eliminates a provision that currently prohibits the Department of Administration from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a veteran-owned small business to subcontract with other veteran-owned small businesses.

Under current law and this bill, veteran-owned small business are those designated by the Department of Administration as majority-owned and -operated by veterans, with veteran status verified by the Department of Veterans Affairs. Once certified, veteran-owned small businesses are eligible for up to 12 percent preference in state contracting.

38 Economically disadvantaged areas.

Eliminates a provision that currently prohibits the Department of Administration from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a small business located in an economically disadvantaged area to subcontract with other small businesses located in economically disadvantaged areas.

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- Under current law and this bill, small businesses located in an economically disadvantaged area are those, for example, that are located in a county with a median income of less than 70 percent of the statewide average or a federally designated labor surplus area. Once certified, these small businesses are eligible for up to 12 percent preference in state contracting.
- 39 **Generally.**
Modifies the date by which Minnesota Management and Budget must submit an annual report to the legislature summarizing the number and dollar amount of tax and other debts owed to the state that state agencies have determined are uncollectable.
- 40 **Retired employees.**
Provides that a retired state employee's covered spouse may purchase coverage for themselves under the State Employee Group Insurance Program (SEGIP) if the retiree (1) loses SEGIP eligibility by enrolling in Medical Assistance (Medicaid), and (2) has a disability that satisfies the categorical eligibility requirements of the federal Supplemental Security Income program (i.e., the retired employee is unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment that is expected to result in death or to last for a continuous period of not less than 12 months).
- 41 **Insulin repayment account; annual transfer from health care access fund.**
Specifies that Minnesota Management and Budget must annually transfer money from the health care access fund to the insulin repayment account in the special revenue fund. By law, money in this account is appropriated to the Department of Administration to reimburse manufacturers for insulin dispensed under an insulin safety net program.
- 42 **Fraud.**
Defines "fraud" for purposes of section 45.
- 43 **Misuse.**
Defines "misuse" for purposes of section 45.
- 44 **Personal gain.**
Defines "personal gain" for purposes of section 45.
- 45 **Prohibited action.**
Modifies state whistleblower protections so that any state employee (whether in the classified or unclassified service) who reports information about state programs that the employee believes to be truthful and accurate (including but not limited to

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- suspected fraud or misuse) receives whistleblower protection when communicating this information to a legislator, OLA, a constitutional officer, their employer, any governmental body, or law enforcement.
- 46 **If \$750,000 sales, audited statement.**
Increases the annual sales threshold at which a city operating a municipal liquor store must submit audited financial statements for the liquor store to the Office of the State Auditor.
- 47 **2025 Compensation Council revived.**
Revives the Compensation Council that was appointed in 2025 so this same version of the council may submit judicial salary recommendations by September 1, 2026. Under current law, the council that was appointed in 2025 dissolved after it submitted its determinations for agency head and constitutional officer salaries and its recommendations for judicial salaries on March 31, 2025.
- 48 **Revisor instruction.**
Requires the revisor of statutes to change OAH to the Court of Administrative Hearings as needed in Minnesota Statutes.
- 49 **Repealer.**
Repeals certain sections of current law, as follows.
- Subdivision. 1. Legislative commissions.** Repeals statutes that authorize the following joint legislative commissions and committees: Legislative Commission on Minnesota Sports Facilities (3.8842), Legislative Commission on Housing Affordability (3.8845), Driver and Vehicle Systems Oversight Committee (Laws 2019, First Special Session chapter 3, article 2, section 34), and Legislative COVID-19 Response Commission (Laws 2022, chapter 50, article 3, section 2).
- Subd. 2. Office of the Legislative Auditor.** Repeals a section of current law that (1) allows OLA to conduct certain performance evaluations, and (2) requires OLA to conduct these same evaluations upon request of the governing body of a political subdivision or the previously-expired state Information Systems Advisory Council.
- Subd. 3. Department of Administration.** Repeals sections administered by the Department of Administration, as follows: a requirement to produce a model outdoor light pollution ordinance (16B.328, subdivision 2), and a requirement to make available to other state agencies under a master contract program a list of eligible contractors who can assist state agencies in using data analytics to

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accomplish agency reorganization along service lines and flatten the organizational structure (16C.36).

Subd. 4. Fair campaign practices. Repeals two sections of statute in Minnesota Statutes, chapter 211B (fair campaign practices) that have been found unconstitutional by the U.S. Court of Appeals for the 8th Circuit.

Article 2: State Personnel Management

This article makes various changes to state personnel management statutes, as requested by Minnesota Management and Budget and Governor Tim Walz. Among other things, the sections in this article would:

- Change the name of the “Commissioner’s Plan” to the “Nonrepresented Employees Compensation Plan.” Background: this plan, developed by Minnesota Management and Budget, governs compensation and working conditions for nonmanagerial classified and unclassified employees in the executive branch who are not covered by a collective bargaining agreement or otherwise provided for in law
- Remove the length-of-service limit for student workers
- Modify the “Connect 700” program for individuals with disabilities who are seeking employment in state government
- Allow retirees to donate surplus vacation hours to a general pool available to employees on sick leave
- Eliminate an annual report to the legislature that identifies the number of employees, by agency, who opt out of the State Employee Group Insurance Program (SEGIP)
- Remove University of Minnesota and Highway Credit Union employees from the list of employees eligible to participate in SEGIP
- Allow officers and employees of the Center for Rural Policy and Development and the Agricultural Utilization Research Institute to participate in SEGIP at their own expense
- Rename the “Supported Work Program” for individuals with significant disabilities as the “Customized Employment Program”
- Repeal certain statutes, as follows:
 - Minn. Stat. § 43A.315, which authorizes Minnesota Management and Budget to reward employees participating in SEGIP when actual per capita health care costs are less than previously estimated
 - Minn. Stat. § 43A.317, which authorizes Minnesota Management and Budget to create a Minnesota Employees Insurance Program to provide eligible

private employers with the advantages of a large pool when purchasing insurance

- Minn. Stat. § 43A.318, which authorizes Minnesota Management and Budget to offer group long-term care insurance to state employees and others eligible to participate in SEGIP
- Make various other edits to personnel management procedures and terminology



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