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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 1267**

February 22, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

March 19, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and placed on the Consent Calendar

Read Second Time

1.1 A bill for an act  
1.2 relating to state employees; making technical and housekeeping changes;  
1.3 amending Minnesota Statutes 2006, sections 43A.191, subdivision 3; 43A.23,  
1.4 subdivision 1; 43A.49.

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

1.6 Section 1. Minnesota Statutes 2006, section 43A.191, subdivision 3, is amended to  
1.7 read:

1.8 Subd. 3. **Audits; sanctions and incentives.** (a) The commissioner shall annually  
1.9 audit the record of each agency to determine the rate of compliance with affirmative  
1.10 action requirements.

1.11 (b) By March 1 of each odd-numbered year, the commissioner shall submit a  
1.12 report on affirmative action progress of each agency and the state as a whole to the  
1.13 governor and to the Finance Committee of the senate, the Ways and Means Committee  
1.14 of the house of representatives, the Governmental Operations Committees of both  
1.15 houses of the legislature, and the Legislative Coordinating Commission. The report must  
1.16 include noncompetitive appointments made under section 43A.08, subdivision 2a, or  
1.17 43A.15, subdivisions 3 to 7, 10, and 12, and cover each agency's rate of compliance with  
1.18 affirmative action requirements.

1.19 (c) An agency that does not meet its hiring goals must justify its nonaffirmative  
1.20 action hires in competitive and noncompetitive appointments according to criteria issued  
1.21 by the Department of Employee Relations. "Missed opportunity" includes failure to justify  
1.22 a nonaffirmative action hire. An agency must have 25 percent or less missed opportunities  
1.23 in competitive appointments and 25 percent or less missed opportunities in appointments

2.1 made under sections 43A.08, subdivisions 1, clauses (9), (11), and (16); and 2a; and  
2.2 43A.15, subdivisions 3 to 7, 10, 12, and 13. In addition, an agency shall:

2.3 (1) demonstrate a good faith effort to recruit protected group members by following  
2.4 an active recruitment plan;

2.5 (2) implement a coordinated retention plan; and

2.6 (3) have an established complaint resolution procedure.

2.7 (d) The commissioner shall develop reporting standards and procedures for  
2.8 measuring compliance.

2.9 (e) An agency is encouraged to develop other innovative ways to promote awareness,  
2.10 acceptance, and appreciation for diversity and affirmative action. These innovations will  
2.11 be considered when evaluating an agency's compliance with this section.

2.12 (f) An agency not in compliance with affirmative action requirements of this section  
2.13 must identify methods and programs to improve performance, to reallocate resources  
2.14 internally in order to increase support for affirmative action programs, and to submit  
2.15 program and resource reallocation proposals to the commissioner for approval. An agency  
2.16 must submit these proposals within 120 days of being notified by the commissioner that it  
2.17 is out of compliance with affirmative action requirements. The commissioner shall monitor  
2.18 quarterly the affirmative action programs of an agency found to be out of compliance.

2.19 (g) The commissioner shall establish a program to recognize an agency that has  
2.20 made significant and measurable progress in implementing an affirmative action plan.

2.21 Sec. 2. Minnesota Statutes 2006, section 43A.23, subdivision 1, is amended to read:

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

3.1 All self-insured hospital and medical service products must comply with coverage  
3.2 mandates, data reporting, and consumer protection requirements applicable to the licensed  
3.3 carrier administering the product, had the product been insured, including chapters 62J,  
3.4 62M, and 62Q. Any self-insured products that limit coverage to a network of providers  
3.5 or provide different levels of coverage between network and nonnetwork providers shall  
3.6 comply with section 62D.123 and geographic access standards for health maintenance  
3.7 organizations adopted by the commissioner of health in rule under chapter 62D.

3.8 Sec. 3. Minnesota Statutes 2006, section 43A.49, is amended to read:

3.9 **43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

3.10 (a) Appointing authorities in state government may allow each employee to take  
3.11 unpaid leaves of absence for up to 1,040 hours between June 1, ~~2003~~ 2007, and June 30,  
3.12 ~~2005~~ 2009. The 1,040 hour limit replaces, and is not in addition to, limits set in prior laws.  
3.13 Each appointing authority approving such a leave shall allow the employee to continue  
3.14 accruing vacation and sick leave, be eligible for paid holidays and insurance benefits,  
3.15 accrue seniority, and accrue service credit and credited salary in the state retirement plans  
3.16 as if the employee had actually been employed during the time of leave. An employee  
3.17 covered by the unclassified plan may voluntarily make the employee contributions to the  
3.18 unclassified plan during the leave of absence. If the employee makes these contributions,  
3.19 the appointing authority must make the employer contribution. If the leave of absence  
3.20 is for one full pay period or longer, any holiday pay shall be included in the first payroll  
3.21 warrant after return from the leave of absence. The appointing authority shall attempt  
3.22 to grant requests for the unpaid leaves of absence consistent with the need to continue  
3.23 efficient operation of the agency. However, each appointing authority shall retain  
3.24 discretion to grant or refuse to grant requests for leaves of absence and to schedule and  
3.25 cancel leaves, subject to the applicable provisions of collective bargaining agreements  
3.26 and compensation plans.

3.27 (b) To receive eligible service credit and credited salary in a defined benefit plan,  
3.28 the member shall pay an amount equal to the applicable employee contribution rates.  
3.29 If an employee pays the employee contribution for the period of the leave under this  
3.30 section, the appointing authority must pay the employer contribution. The appointing  
3.31 authority may, at its discretion, pay the employee contributions. Contributions must be  
3.32 made in a time and manner prescribed by the executive director of the Minnesota State  
3.33 Retirement Association.

3.34 Sec. 4. **EFFECTIVE DATE.**

4.1 Section 3 is effective June 1, 2007.