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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 3309

February 21, 2008

Authored by Pelowski

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

March 10, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to state government; codifying the transfer of employee relations duties
1.3 to the Department of Finance and other agencies; permitting appointment of a
1.4 deputy for employee relations; amending Minnesota Statutes 2006, sections
1.5 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16A.055, subdivision
1.6 1; 16B.87, subdivision 1; 43A.04, subdivisions 1, 2, 9; 43A.044; 43A.05,
1.7 subdivisions 1, 6; 43A.06, subdivisions 1, 3; 43A.08, subdivision 1a; 43A.17,
1.8 subdivision 8; 43A.183, subdivisions 3, 4, 5; 43A.23, subdivision 2; 43A.30,
1.9 subdivisions 4, 5; 43A.311; 43A.48; 176.541, subdivisions 2, 3, 4, 6; 176.571;
1.10 176.572; 176.581; 176.591, subdivision 3; 176.603; 176.611, subdivisions 2, 2a,
1.11 3a; 356.215, subdivision 2a; Minnesota Statutes 2007 Supplement, sections
1.12 16B.04, subdivision 2; 43A.50, subdivisions 1, 2; 136F.42, subdivision 1; 353.03,
1.13 subdivision 3; repealing Minnesota Statutes 2006, sections 43A.03; 176.5401.

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

1.15 Section 1. Minnesota Statutes 2006, section 15.01, is amended to read:

1.16 **15.01 DEPARTMENTS OF THE STATE.**

1.17 The following agencies are designated as the departments of the state government:

1.18 the Department of Administration; the Department of Agriculture; the Department of
1.19 Commerce; the Department of Corrections; the Department of Education; the Department
1.20 of Employment and Economic Development; the Department of Finance; the Department
1.21 of Health; the Department of Human Rights; the Department of Labor and Industry; the
1.22 Department of Military Affairs; the Department of Natural Resources; ~~the Department~~
1.23 ~~of Employee Relations~~; the Department of Public Safety; the Department of Human
1.24 Services; the Department of Revenue; the Department of Transportation; the Department
1.25 of Veterans Affairs; and their successor departments.

1.26 Sec. 2. Minnesota Statutes 2006, section 15.06, subdivision 1, is amended to read:

2.1 Subdivision 1. **Applicability.** This section applies to the following departments
2.2 or agencies: the Departments of Administration, Agriculture, Commerce, Corrections,
2.3 Education, ~~Employee Relations~~, Employment and Economic Development, Finance,
2.4 Health, Human Rights, Labor and Industry, Natural Resources, Public Safety, Human
2.5 Services, Revenue, Transportation, and Veterans Affairs; the Housing Finance and
2.6 Pollution Control Agencies; the Office of Commissioner of Iron Range Resources and
2.7 Rehabilitation; the Bureau of Mediation Services; and their successor departments and
2.8 agencies. The heads of the foregoing departments or agencies are "commissioners."

2.9 Sec. 3. Minnesota Statutes 2006, section 15A.0815, subdivision 2, is amended to read:

2.10 Subd. 2. **Group I salary limits.** The salaries for positions in this subdivision may
2.11 not exceed 95 percent of the salary of the governor:

2.12 Commissioner of administration;

2.13 Commissioner of agriculture;

2.14 Commissioner of education;

2.15 Commissioner of commerce;

2.16 Commissioner of corrections;

2.17 ~~Commissioner of employee relations;~~

2.18 Commissioner of finance;

2.19 Commissioner of health;

2.20 Executive director, Minnesota Office of Higher Education;

2.21 Commissioner, Housing Finance Agency;

2.22 Commissioner of human rights;

2.23 Commissioner of human services;

2.24 Commissioner of labor and industry;

2.25 Commissioner of natural resources;

2.26 Director of Office of Strategic and Long-Range Planning;

2.27 Commissioner, Pollution Control Agency;

2.28 Commissioner of public safety;

2.29 Commissioner of revenue;

2.30 Commissioner of employment and economic development;

2.31 Commissioner of transportation; and

2.32 Commissioner of veterans affairs.

2.33 Sec. 4. Minnesota Statutes 2006, section 16A.055, subdivision 1, is amended to read:

2.34 Subdivision 1. **List.** (a) The commissioner shall:

- 3.1 (1) receive and record all money paid into the state treasury and safely keep it until
3.2 lawfully paid out;
- 3.3 (2) manage the state's financial affairs;
- 3.4 (3) keep the state's general account books according to generally accepted
3.5 government accounting principles;
- 3.6 (4) keep expenditure and revenue accounts according to generally accepted
3.7 government accounting principles;
- 3.8 (5) develop, provide instructions for, prescribe, and manage a state uniform
3.9 accounting system;
- 3.10 (6) provide to the state the expertise to ensure that all state funds are accounted for
3.11 under generally accepted government accounting principles; and
- 3.12 (7) coordinate the development of, and maintain standards for, internal auditing in
3.13 state agencies and, in cooperation with the commissioner of administration, report to the
3.14 legislature and the governor by January 31 of odd-numbered years, on progress made.
- 3.15 (b) In addition to the duties in paragraph (a), the commissioner has the powers and
3.16 duties given to the commissioner in chapter 43A.

3.17 Sec. 5. Minnesota Statutes 2007 Supplement, section 16B.04, subdivision 2, is
3.18 amended to read:

3.19 Subd. 2. **Powers and duties, general.** Subject to other provisions of this chapter,
3.20 the commissioner is authorized to:

- 3.21 (1) supervise, control, review, and approve all state contracts and purchasing;
- 3.22 (2) provide agencies with supplies and equipment and operate all central store or
3.23 supply rooms serving more than one agency;
- 3.24 (3) investigate and study the management and organization of agencies, and
3.25 reorganize them when necessary to ensure their effective and efficient operation;
- 3.26 (4) manage and control state property, real and personal;
- 3.27 (5) maintain and operate all state buildings, as described in section 16B.24,
3.28 subdivision 1;
- 3.29 (6) supervise, control, review, and approve all capital improvements to state
3.30 buildings and the capitol building and grounds;
- 3.31 (7) provide central duplicating, printing, and mail facilities;
- 3.32 (8) oversee publication of official documents and provide for their sale;
- 3.33 (9) manage and operate parking facilities for state employees and a central motor
3.34 pool for travel on state business; ~~and~~

4.1 (10) provide rental space within the capitol complex for a private day care center for
4.2 children of state employees. The commissioner shall contract for services as provided in
4.3 this chapter. ~~The commissioner shall report back to the legislature by October 1, 1984,~~
4.4 ~~with the recommendation to implement the private day care operation;~~ and
4.5 (11) settle state employee workers' compensation claims.

4.6 Sec. 6. Minnesota Statutes 2006, section 16B.87, subdivision 1, is amended to read:

4.7 Subdivision 1. **Committee.** The Productivity Loan Committee consists of the
4.8 commissioners of administration, finance, and revenue, ~~and employee relations, and~~
4.9 ~~the state planning director.~~ The commissioner of administration serves as chair of the
4.10 committee. The members serve without compensation or reimbursement for expenses.

4.11 Sec. 7. Minnesota Statutes 2006, section 43A.04, subdivision 1, is amended to read:

4.12 Subdivision 1. **Statewide leadership.** (a) The commissioner is the chief personnel
4.13 and labor relations manager of the civil service in the executive branch.

4.14 Whenever any power or responsibility is given to the commissioner by any provision
4.15 of this chapter, unless otherwise expressly provided, the power or authority applies to all
4.16 employees of agencies in the executive branch and to employees in classified positions
4.17 in the Office of the Legislative Auditor, the Minnesota State Retirement System, the
4.18 Public Employees Retirement Association, and the Teacher's Retirement Association.
4.19 Unless otherwise provided by law, the power or authority does not apply to unclassified
4.20 employees in the legislative and judicial branches.

4.21 (b) The commissioner shall operate an information system from which personnel
4.22 data, as defined in section 13.43, concerning employees and applicants for positions
4.23 in the classified service can be retrieved.

4.24 The commissioner has access to all public and private personnel data kept by
4.25 appointing authorities that will aid in the discharge of the commissioner's duties.

4.26 (c) The commissioner may consider and investigate any matters concerned with the
4.27 administration of provisions of this chapter, and may order any remedial actions consistent
4.28 with law. The commissioner, at the request of an agency, shall provide assistance in
4.29 employee misconduct investigations. The commissioner shall have the right to assess
4.30 from the requesting agency, any costs incurred while assisting the agency in the employee
4.31 misconduct investigation. Money received by the commissioner under this paragraph is
4.32 appropriated to the commissioner for purposes of this paragraph.

4.33 ~~(d) The commissioner has sole authority to settle state employee workers'~~
4.34 ~~compensation claims.~~

5.1 ~~(e)~~ (d) The commissioner may assess or establish and collect premiums from all state
5.2 entities to cover the costs of programs under sections 15.46 and 176.603.

5.3 Sec. 8. Minnesota Statutes 2006, section 43A.04, subdivision 2, is amended to read:

5.4 Subd. 2. **Executive direction.** The commissioner shall direct all departmental
5.5 services, appoint employees and may enter into contracts to carry out the provisions of
5.6 this chapter. The commissioner may appoint one deputy with principal responsibility for
5.7 employee relations. The deputy shall serve in the unclassified service.

5.8 Sec. 9. Minnesota Statutes 2006, section 43A.04, subdivision 9, is amended to read:

5.9 Subd. 9. **Experimental or research projects.** The commissioner ~~of employee~~
5.10 ~~relations~~ may conduct experimental or research projects designed to improve recruitment,
5.11 selection, referral, or appointment processes for the filling of state classified positions.

5.12 The commissioner shall meet and confer with the affected exclusive bargaining
5.13 representative of state employees concerning the design and implementation of
5.14 experimental and research projects under this subdivision.

5.15 Any provision in section 43A.02, except for subdivisions 33 and 38, sections 43A.07
5.16 to 43A.16, associated personnel rules adopted under subdivision 3, or administrative
5.17 procedures established under subdivision 4, is waived for the purposes of these projects.
5.18 The commissioner may not use an experimental or research project under this section to
5.19 transfer positions between the unclassified and the classified service. The number of
5.20 appointments under this subdivision may not exceed five percent of the total number
5.21 of appointments in the preceding fiscal year, unless the commissioner authorizes
5.22 appointments in excess of five percent with the mutual agreement of any affected
5.23 bargaining unit.

5.24 The commissioner shall report by September 1 to the joint subcommittee on
5.25 Employee Relations the results of the experimental research projects conducted in the
5.26 preceding fiscal year.

5.27 Sec. 10. Minnesota Statutes 2006, section 43A.044, is amended to read:

5.28 **43A.044 HAZARD IDENTIFICATION AND ACCIDENT PREVENTION.**

5.29 (a) The commissioner ~~of the department of employee relations~~ must operate a
5.30 program of occupational hazard identification and accident prevention for state agencies
5.31 and state employees, and shall provide the staff, equipment, and facilities needed for the
5.32 program. The program must be offered to all state agencies through the agency safety

6.1 contact or other designee; is consultative in nature; and must assist state agencies with the
6.2 goal of providing a safe work environment, safe work methods, and hazard identification.

6.3 (b) The commissioner must cooperate with the Department of Labor and Industry;
6.4 and the Department of Health, and Department of Administration as well as other private
6.5 and public community agencies to assist in the objective of hazard identification and
6.6 accident prevention.

6.7 Sec. 11. Minnesota Statutes 2006, section 43A.05, subdivision 1, is amended to read:

6.8 Subdivision 1. **General.** The commissioner ~~through the Personnel Bureau~~ shall
6.9 perform the duties assigned in this chapter. ~~The deputy for the Personnel Bureau shall~~
6.10 ~~perform any duties delegated by the commissioner.~~

6.11 The commissioner's authority and responsibility shall include but not be limited to
6.12 maintenance of a classification plan, assignment of all positions in the classified service to
6.13 job classes, maintenance and approval of total compensation plans for all positions in the
6.14 executive branch pursuant to the provisions of section 43A.18 and other provisions of law;
6.15 administration of systems for employee selection; maintenance of employee performance
6.16 appraisal, training and affirmative action programs; and maintenance and publication of
6.17 logical career paths in the classified civil service.

6.18 Sec. 12. Minnesota Statutes 2006, section 43A.05, subdivision 6, is amended to read:

6.19 Subd. 6. **Allocation.** The amount recommended by the Legislative Coordinating
6.20 Commission pursuant to subdivision 5 to make comparability adjustments shall be
6.21 submitted to the full legislature by March 1 of each odd-numbered year. The legislature
6.22 may accept, reject, or modify the amount recommended. The commissioner ~~of finance,~~
6.23 ~~in consultation with the commissioner of employee relations,~~ shall allocate the amount
6.24 appropriated by the legislature, on a pro rata basis, if necessary, to the proper accounts
6.25 for distribution to incumbents of classes which have been approved for comparability
6.26 adjustments.

6.27 Funds appropriated for purposes of comparability adjustments for state employees
6.28 shall be drawn exclusively from and shall not be in addition to the funds appropriated for
6.29 salary supplements or other employee compensation. Funds not used for purposes of
6.30 comparability adjustments shall revert to the appropriate fund.

6.31 Sec. 13. Minnesota Statutes 2006, section 43A.06, subdivision 1, is amended to read:

7.1 Subdivision 1. **General.** (a) The commissioner, ~~through the Labor Relations~~
7.2 ~~Bureau~~, shall perform the duties assigned to the commissioner by sections 3.855, 179A.01
7.3 to 179A.25 and this section.

7.4 (b) The ~~deputy~~ commissioner for the ~~Labor Relations Bureau~~ shall be the state
7.5 labor negotiator for purposes of negotiating and administering agreements with exclusive
7.6 representatives of employees and shall perform any other duties delegated by the
7.7 commissioner subject to the limitations in paragraph (c).

7.8 (c) The Board of Trustees of the Minnesota State Colleges and Universities may
7.9 exercise the powers under this section for employees included in the units provided
7.10 in clauses (9), (10), and (11) of section 179A.10, subdivision 2, except with respect
7.11 to sections 43A.22 to 43A.31, which shall continue to be the responsibility of the
7.12 commissioner. The commissioner of ~~employee relations~~ shall have the right to review and
7.13 comment to the Minnesota State Colleges and Universities on the board's final proposals
7.14 prior to exchange of final positions with the designated bargaining units as well as any
7.15 requests for interest arbitration. When submitting a proposed collective bargaining
7.16 agreement to the Legislative Coordinating Commission and the legislature under section
7.17 3.855, subdivision 2, the Board of Trustees must use procedures and assumptions
7.18 consistent with those used by the commissioner of ~~employee relations~~ in calculating the
7.19 costs of the proposed contract. The Legislative Coordinating Commission must, when
7.20 considering a collective bargaining agreement or arbitration award submitted by the Board
7.21 of Trustees, evaluate market conditions affecting the employees in the bargaining unit,
7.22 equity with other bargaining units in the executive branch, and the ability of the trustees
7.23 and the state to fund the agreement or award.

7.24 Sec. 14. Minnesota Statutes 2006, section 43A.06, subdivision 3, is amended to read:

7.25 Subd. 3. **Collective bargaining.** The commissioner ~~through the Labor Relations~~
7.26 ~~Bureau~~ shall represent the state in all collective bargaining between the state and exclusive
7.27 representatives, and shall represent the state in mediation and arbitration of collective
7.28 bargaining disputes.

7.29 Sec. 15. Minnesota Statutes 2006, section 43A.08, subdivision 1a, is amended to read:

7.30 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the
7.31 following agencies may designate additional unclassified positions according to this
7.32 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;
7.33 Education; ~~Employee Relations~~; Employment and Economic Development; Explore
7.34 Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural

8.1 Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans
8.2 Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the
8.3 State Board of Investment; the Office of Administrative Hearings; the Offices of the
8.4 Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges
8.5 and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts
8.6 Education; and the Minnesota Zoological Board.

8.7 A position designated by an appointing authority according to this subdivision must
8.8 meet the following standards and criteria:

8.9 (1) the designation of the position would not be contrary to other law relating
8.10 specifically to that agency;

8.11 (2) the person occupying the position would report directly to the agency head or
8.12 deputy agency head and would be designated as part of the agency head's management
8.13 team;

8.14 (3) the duties of the position would involve significant discretion and substantial
8.15 involvement in the development, interpretation, and implementation of agency policy;

8.16 (4) the duties of the position would not require primarily personnel, accounting, or
8.17 other technical expertise where continuity in the position would be important;

8.18 (5) there would be a need for the person occupying the position to be accountable to,
8.19 loyal to, and compatible with, the governor and the agency head, the employing statutory
8.20 board or commission, or the employing constitutional officer;

8.21 (6) the position would be at the level of division or bureau director or assistant
8.22 to the agency head; and

8.23 (7) the commissioner has approved the designation as being consistent with the
8.24 standards and criteria in this subdivision.

8.25 Sec. 16. Minnesota Statutes 2006, section 43A.17, subdivision 8, is amended to read:

8.26 Subd. 8. **Accumulated vacation leave.** The commissioner ~~of employee relations~~
8.27 shall not agree to a collective bargaining agreement or recommend a compensation plan
8.28 pursuant to section 43A.18, subdivisions 1, 2, 3, and 4, nor shall an arbitrator issue an
8.29 award under sections 179A.01 to 179A.25, if the compensation plan, agreement, or award
8.30 permits an employee to convert accumulated vacation leave into cash before separation
8.31 from state service.

8.32 This section does not prohibit the commissioner from negotiating a collective
8.33 bargaining agreement or recommending approval of a compensation plan which: (1)
8.34 permits an employee to receive payment for accumulated vacation leave upon beginning
8.35 an unpaid leave of absence approved for more than one year in duration if the leave of

9.1 absence is not for the purpose of accepting an unclassified position in state civil service;
9.2 (2) permits an employee to receive payment for accumulated vacation leave upon layoff;
9.3 or (3) permits an employee to receive payment for accumulated vacation leave if a change
9.4 in employment results in the employee being ineligible to accrue further vacation leave.

9.5 Sec. 17. Minnesota Statutes 2006, section 43A.183, subdivision 3, is amended to read:

9.6 Subd. 3. **Health and dental coverage.** The agency head must continue the
9.7 employee's enrollment in health and dental coverage, and the employer contribution
9.8 toward that coverage, until the employee reports for active service. If the employee had
9.9 elected dependent coverage for health or dental coverage as of the time that the employee
9.10 reported for active service, the agency head must offer the employee the option to continue
9.11 the dependent coverage at the employee's own expense. The agency head must permit
9.12 the employee to continue participating in any pretax account in which the employee
9.13 participated when the employee reported for active service, to the extent of employee pay
9.14 available for that purpose. An employee who has opted to continue a permitted benefit
9.15 may cancel that continuation at any time during the person's authorized leave from state
9.16 employment by written notification from the employee, or from the employee's designated
9.17 attorney-in-fact under a power of attorney, to the agency head or the commissioner of
9.18 ~~employee relations~~ finance.

9.19 Sec. 18. Minnesota Statutes 2006, section 43A.183, subdivision 4, is amended to read:

9.20 Subd. 4. **Notice.** The agency head must periodically inform in writing all agency
9.21 personnel who are or may be members of the reserve component of the United States
9.22 armed forces or any other nonmilitary reserve component of the uniformed services of the
9.23 United States of the benefits provided under this section and of the procedures relevant
9.24 to securing those benefits, including, but not limited to, any procedures regarding the
9.25 continuation and discontinuation of any optional deductions. It will suffice to meet this
9.26 requirement if the agency head posts the information on the agency Web site in a highly
9.27 recognizable manner that can be easily found and understood by the employees to whom
9.28 it might apply.

9.29 Upon being ordered to active service, the employee must notify the agency head
9.30 of that order in a timely manner and must provide to the agency head the name of and
9.31 contact information for the employee's designated attorney-in-fact under a power of
9.32 attorney. Prior to the commencement of the employee's authorized leave from state
9.33 employment, the agency head must ensure the agency's receipt of that information and
9.34 immediately convey that information to the ~~commissioners~~ commissioner of finance ~~and~~

10.1 ~~employee relations~~, including any subsequent change in that designation by the employee.
10.2 When communicating with the employee during the person's leave, the agency head and
10.3 the ~~commissioners~~ commissioner of finance ~~and employee relations~~ must immediately
10.4 provide a copy of the communication to the employee's designated attorney-in-fact. Those
10.5 officials must also honor requests for information or other appropriate directives from that
10.6 designee on behalf of the employee during the employee's leave.

10.7 Sec. 19. Minnesota Statutes 2006, section 43A.183, subdivision 5, is amended to read:

10.8 Subd. 5. **Procedures.** The ~~commissioners~~ commissioner of ~~employee relations and~~
10.9 finance shall adopt procedures required to implement this section. The procedures are
10.10 exempt from chapter 14.

10.11 Sec. 20. Minnesota Statutes 2006, section 43A.23, subdivision 2, is amended to read:

10.12 Subd. 2. **Contract to contain statement of benefits.** (a) Each contract under
10.13 sections 43A.22 to 43A.30 shall contain a detailed statement of benefits offered and shall
10.14 include any maximums, limitations, exclusions, and other definitions of benefits the
10.15 commissioner deems necessary or desirable. Each hospital and medical benefits contract
10.16 shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

10.17 (b) All summaries of benefits describing the hospital and medical service benefits
10.18 offered to state employees must comply with laws and rules for content and clarity
10.19 applicable to the licensed carrier administering the product. Referral procedures must
10.20 be clearly described. The commissioners of commerce and health, as appropriate,
10.21 shall review the summaries of benefits, whether written or electronic, and advise the
10.22 commissioner ~~of employee relations~~ on any changes needed to ensure compliance.

10.23 Sec. 21. Minnesota Statutes 2006, section 43A.30, subdivision 4, is amended to read:

10.24 Subd. 4. **Employee insurance trust fund.** The commissioner ~~of employee relations~~
10.25 may direct that all or a part of the amounts paid for life insurance, hospital, medical,
10.26 and dental benefits, and optional coverages authorized for eligible employees and other
10.27 eligible persons be deposited by the state in an employee insurance trust fund in the state
10.28 treasury, from which the approved claims of eligibles are to be paid. Investment income
10.29 and investment losses attributable to the investment of the fund shall be credited to the
10.30 fund. There is appropriated from the fund to the commissioner amounts needed to pay the
10.31 approved claims of eligibles, related service charges, insurance premiums, and refunds.
10.32 The commissioner shall not market or self-insure life insurance. The commissioner
10.33 may market and self-insure dental and optional coverages. Nothing in this subdivision

11.1 precludes the commissioner from determining plan design, providing informational
11.2 materials, or communicating with employees about coverages.

11.3 Sec. 22. Minnesota Statutes 2006, section 43A.30, subdivision 5, is amended to read:

11.4 Subd. 5. **Administration.** The commissioner ~~of employee relations~~ may administer
11.5 the employee insurance program. The commissioner may assess agencies, and employers
11.6 of persons eligible for state-paid insurance and benefits under section 43A.24, the cost
11.7 of these administrative services, including assessment, referral, and training services
11.8 provided by the employee assistance program under section 43A.319, and include it in
11.9 the amounts billed for life insurance, hospital, medical, and dental benefits, and optional
11.10 coverages authorized. Receipts from the assessments must be deposited in the state
11.11 treasury and credited to a special account in the employee insurance trust fund and are
11.12 appropriated to the commissioner to pay these administrative costs.

11.13 Sec. 23. Minnesota Statutes 2006, section 43A.311, is amended to read:

11.14 **43A.311 DRUG PURCHASING PROGRAM.**

11.15 The commissioner ~~of employee relations~~, in conjunction with the commissioner
11.16 of human services and other state agencies, shall evaluate whether participation in a
11.17 multistate or multiagency drug purchasing program can reduce costs or improve the
11.18 operations of the drug benefit programs administered by the department and other state
11.19 agencies. The commissioner and other state agencies may enter into a contract with a
11.20 vendor or other states for purposes of participating in a multistate or multiagency drug
11.21 purchasing program.

11.22 Sec. 24. Minnesota Statutes 2006, section 43A.48, is amended to read:

11.23 **43A.48 PRETAX EXPENSE ACCOUNTS.**

11.24 The commissioner ~~of employee relations~~ may use FICA savings generated from
11.25 the dependent care and medical and dental expense account programs to pay for the
11.26 administrative costs of the programs and to pay for unfunded liabilities in the medical and
11.27 dental expense account program. Forfeited balances from the programs may be used to
11.28 pay for the administrative costs of the programs.

11.29 Sec. 25. Minnesota Statutes 2007 Supplement, section 43A.50, subdivision 1, is
11.30 amended to read:

11.31 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have
11.32 the meanings given them.

12.1 (b) "Registered combined charitable organization" means a federated funding
12.2 organization:

12.3 (1) which is tax exempt under section 501(c)3 of the Internal Revenue Code of 1986,
12.4 as amended through December 31, 1992 (hereinafter "Internal Revenue Code"), and to
12.5 which contributions are deductible under section 170 of the Internal Revenue Code;

12.6 (2) which is properly registered with the attorney general of Minnesota to solicit
12.7 contributions in Minnesota;

12.8 (3) which secures funds through the state employee combined charities campaign
12.9 for distribution to 14 or more affiliated agencies, each of which must devote substantially
12.10 all of its activities to providing health, welfare, social, or other services that benefit
12.11 individuals in Minnesota and contiguous counties;

12.12 (4) which is governed either by an independent, voluntary board and at least 90
12.13 percent of the directors of the governing board live or work in Minnesota or contiguous
12.14 counties or, if the charitable agencies are solely educational institutions which meet the
12.15 requirements of paragraph (c), by a national board of directors that has a local advisory
12.16 board composed of members who live or work in Minnesota or contiguous counties;

12.17 (5) which expended no more than 30 percent of total contributions received in
12.18 the organization's accounting year last reported for management and general costs and
12.19 fund-raising costs;

12.20 (6) which distributed at least 70 percent of total contributions received in the
12.21 organization's accounting year last reported to affiliated agencies, programs, and
12.22 designated agencies in Minnesota and contiguous counties or, if the charitable agencies are
12.23 solely educational institutions which meet the requirements of paragraph (c), distributes at
12.24 least 70 percent of the state employee combined charitable campaign income and revenue
12.25 directly to Minnesota residents or schools using established eligibility criteria; and

12.26 (7) which has been registered with the commissioner ~~of employee relations~~ in
12.27 accordance with this section.

12.28 Registered combined charitable organization includes a charitable organization
12.29 organized by Minnesota state employees and their exclusive representatives for the
12.30 purpose of providing grants to nonprofit agencies providing Minnesota residents with
12.31 food or shelter if the charitable organization meets the requirements of clauses (1), (2),
12.32 (4), (5), (6), and (7).

12.33 (c) "Affiliated agency" means a charitable agency that is represented by a federation
12.34 and has an ongoing relationship with that federation which involves a review and
12.35 monitoring process to ensure financial, managerial, and programmatic responsibility.

13.1 (d) "Charitable agency" means a governmental agency or an organization (1)
 13.2 which is tax exempt under section 501(c)3 of the Internal Revenue Code; (2) to which
 13.3 contributions are deductible under section 170 of the Internal Revenue Code; and (3)
 13.4 which is in compliance with the provisions of this chapter.

13.5 (e) "State employee combined charities campaign" means the annual state campaign
 13.6 that allows a state employee to authorize payroll deduction for the employee's contribution
 13.7 to a registered combined charitable organization, pursuant to section 16A.134.

13.8 (f) "Management and general costs" means costs as defined in section 309.50,
 13.9 subdivision 11.

13.10 (g) "Fund-raising costs" means costs as defined in section 309.50, subdivision 12.

13.11 (h) "Contiguous counties" means counties in Iowa, North Dakota, South Dakota,
 13.12 and Wisconsin that share a border with Minnesota.

13.13 Sec. 26. Minnesota Statutes 2007 Supplement, section 43A.50, subdivision 2, is
 13.14 amended to read:

13.15 Subd. 2. **Registration.** (a) A federated funding organization shall apply to the
 13.16 commissioner ~~of employee relations~~ by March 1 in order to be eligible to participate in the
 13.17 state employee combined charities campaign for that year.

13.18 (b) A federated funding organization must apply in the form prescribed by the
 13.19 commissioner ~~of employee relations~~ and shall provide the following:

13.20 (1) assurance of tax exempt status for the federated funding organization and each of
 13.21 the charitable agencies identified by the federated funding organization as an affiliated
 13.22 agency;

13.23 (2) assurance of proper registration with the attorney general of Minnesota to solicit
 13.24 contributions in the state of Minnesota for the federated funding organization and each of
 13.25 the charitable agencies identified by the federated funding organization as an affiliated
 13.26 agency. A copy of the registration letter in effect at the time of application for the state
 13.27 employee combined charities campaign must be available upon request;

13.28 (3) an affidavit signed by a duly constituted officer of the federated funding
 13.29 organization attesting to the fact that the federated funding organization and its affiliated
 13.30 agencies are in compliance with each of the provisions of this section;

13.31 (4) a list of the board of directors or local advisory board for the federated funding
 13.32 organization which identifies the members who live or work in Minnesota and contiguous
 13.33 counties;

13.34 (5) a list of the name and business address of each affiliated agency the federated
 13.35 funding organization supports;

14.1 (6) a list of any related organizations, as defined in section 317A.011, subdivision 18;

14.2 (7) the total contributions received in the organization's accounting year last
 14.3 reported and, from those contributions, the amounts expended by the federated funding
 14.4 organization for management and general costs and for fund-raising costs and the amount
 14.5 distributed to the affiliated agencies, programs, and designated agencies it supports; and

14.6 (8) a fee of \$100, or ten percent of the funds raised from state employees in
 14.7 the previous campaign, whichever is less. The fee for an organization which did not
 14.8 participate in the previous year's state employee campaign is \$100.

14.9 The commissioner may require submission of additional information needed to
 14.10 determine compliance with the provisions of this chapter.

14.11 (c) The commissioner shall register or not register the application of an organization
 14.12 and shall notify the organization of the decision by May 1. An organization whose
 14.13 application is denied has ten calendar days after receiving notice of the denial to appeal
 14.14 the decision or file an amended application correcting the deficiency. The commissioner
 14.15 shall register or not register the organization within ten calendar days after receiving the
 14.16 appeal or amended application. If registration is denied a second time, the organization
 14.17 may appeal within five calendar days after receiving notice of the denial. A hearing shall
 14.18 be scheduled by the commissioner ~~of employee relations~~ and shall be held within 15
 14.19 calendar days after receiving notice of the appeal. The parties may mutually agree to a
 14.20 later date. The provisions of chapter 14 do not apply to the hearing. The hearing shall be
 14.21 conducted in a manner considered appropriate by the commissioner. The commissioner
 14.22 shall make a determination within five calendar days after the hearing has been completed.

14.23 (d) Only organizations that are approved may participate in the state employee
 14.24 combined charities campaign for the year of approval and only contributions to approved
 14.25 organizations may be deducted from an employee's pay pursuant to section 16A.134. ~~By~~
 14.26 ~~July 15, the commissioner of employee relations shall notify the commissioner of finance~~
 14.27 ~~in writing of the organizations registered under this section.~~

14.28 Sec. 27. Minnesota Statutes 2007 Supplement, section 136F.42, subdivision 1, is
 14.29 amended to read:

14.30 Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board, in
 14.31 consultation with the ~~commissioners of employee relations and~~ commissioner of finance,
 14.32 may develop policies to allow system office or campus employees on salaries, as defined
 14.33 in section 43A.17, subdivision 1, to use negative time reporting in which employees
 14.34 report only that time for which leave is taken.

15.1 Sec. 28. Minnesota Statutes 2006, section 176.541, subdivision 2, is amended to read:

15.2 Subd. 2. **Defense of claim against state.** When the commissioner of ~~employee~~
15.3 ~~relations~~ administration believes that a claim against the state for compensation should be
15.4 contested, the commissioner shall defend the state claim.

15.5 Sec. 29. Minnesota Statutes 2006, section 176.541, subdivision 3, is amended to read:

15.6 Subd. 3. **Duties of attorney general.** At any stage in such a compensation
15.7 proceeding, the attorney general may assume the duty of defending the state. When the
15.8 commissioner of ~~employee relations~~ administration or a department of this state requests
15.9 the attorney general to assume the defense, the attorney general shall do so.

15.10 Sec. 30. Minnesota Statutes 2006, section 176.541, subdivision 4, is amended to read:

15.11 Subd. 4. **Medical examination of employee; witnesses; conduct of defense.**
15.12 In conducting a defense against a claim for compensation, the commissioner of ~~the~~
15.13 ~~Department of Employee Relations~~ administration or the attorney general, as the case
15.14 may be, may require that an employee submit to a medical examination, procure the
15.15 attendance of expert and other witnesses at a hearing, and do any other act necessary to
15.16 conduct a proper defense.

15.17 Sec. 31. Minnesota Statutes 2006, section 176.541, subdivision 6, is amended to read:

15.18 Subd. 6. **Legal and clerical help.** The commissioner of ~~employee relations~~
15.19 administration may employ ~~such~~ legal and clerical help ~~as authorized by the Department~~
15.20 ~~of Administration~~. The salaries of these persons shall be paid from the state compensation
15.21 revolving fund, but shall be apportioned among the several departments of the state in
15.22 relation to the amount of compensation paid to employees of any department as against
15.23 the total amount of compensation paid to employees of all departments.

15.24 Sec. 32. Minnesota Statutes 2006, section 176.571, is amended to read:

15.25 **176.571 INVESTIGATIONS OF INJURIES TO STATE EMPLOYEES.**

15.26 Subdivision 1. **Preliminary investigation.** When the head of a department has filed
15.27 a report or the commissioner of ~~employee relations~~ administration has otherwise received
15.28 information of the occurrence of an injury to a state employee for which liability to pay
15.29 compensation may exist, the commissioner of ~~employee relations~~ administration shall
15.30 make a preliminary investigation to determine the question of probable liability.

15.31 In making this investigation, the commissioner of ~~employee relations~~ administration
15.32 may require the assistance of the head of any department or any employee of the state.

16.1 The commissioner of employee relations may require that all facts be furnished which
16.2 appear in the records of any state department bearing on the issue.

16.3 Subd. 2. **Determination by department.** When the commissioner of ~~the~~
16.4 ~~Department of Employee Relations~~ administration has completed an investigation, the
16.5 commissioner shall inform the claimant, the head of the employing department, and the
16.6 commissioner of finance in writing of the action taken.

16.7 Sec. 33. Minnesota Statutes 2006, section 176.572, is amended to read:

16.8 **176.572 CONTRACT WITH INSURANCE CARRIERS.**

16.9 The commissioner of ~~employee relations~~ administration may contract with group
16.10 health insurance carriers or health maintenance organizations to provide health care
16.11 services and reimburse health care payments for injured state employees entitled to
16.12 benefits under this chapter.

16.13 Sec. 34. Minnesota Statutes 2006, section 176.581, is amended to read:

16.14 **176.581 PAYMENT TO STATE EMPLOYEES.**

16.15 Upon a warrant prepared by the commissioner of ~~the Department of Employee~~
16.16 ~~Relations~~ administration, and in accordance with the terms of the order awarding
16.17 compensation, the commissioner of finance shall pay compensation to the employee or
16.18 the employee's dependent. These payments shall be made from money appropriated
16.19 for this purpose.

16.20 Sec. 35. Minnesota Statutes 2006, section 176.591, subdivision 3, is amended to read:

16.21 Subd. 3. **Compensation payments upon warrants.** The commissioner of finance
16.22 shall make compensation payments from the fund only as authorized by this chapter upon
16.23 warrants of the commissioner of ~~the Department of Employee Relations~~ administration.

16.24 Sec. 36. Minnesota Statutes 2006, section 176.603, is amended to read:

16.25 **176.603 COST OF ADMINISTERING CHAPTER, PAYMENT.**

16.26 The annual cost to the commissioner of the Department of ~~Employee Relations~~
16.27 Administration of administering this chapter in relation to state employees and the
16.28 necessary expenses which the Department of ~~Employee Relations~~ Administration or the
16.29 attorney general incurs in investigating, administering, and defending a claim against the
16.30 state for compensation shall be paid from the state compensation revolving fund.

17.1 Sec. 37. Minnesota Statutes 2006, section 176.611, subdivision 2, is amended to read:

17.2 Subd. 2. **State departments.** Every department of the state, including the University
17.3 of Minnesota, shall reimburse the fund for money paid for its claims and the costs of
17.4 administering the revolving fund at such times and in such amounts as the commissioner
17.5 of ~~employee relations~~ administration shall certify has been paid out of the fund on its
17.6 behalf. The heads of the departments shall anticipate these payments by including them in
17.7 their budgets. In addition, the commissioner of ~~employee relations~~ administration, with
17.8 the approval of the commissioner of finance, may require an agency to make advance
17.9 payments to the fund sufficient to cover the agency's estimated obligation for a period of
17.10 at least 60 days. Reimbursements and other money received by the commissioner of
17.11 ~~employee relations~~ administration under this subdivision must be credited to the state
17.12 compensation revolving fund.

17.13 Sec. 38. Minnesota Statutes 2006, section 176.611, subdivision 2a, is amended to read:

17.14 Subd. 2a. **Alternative cost allocation account.** To reduce long-term costs,
17.15 minimize impairment to agency operations and budgets, and distribute risk of claims, the
17.16 commissioner of ~~employee relations~~ administration shall maintain a separate account
17.17 within the state compensation revolving fund. The account shall be used to pay for
17.18 lump-sum or annuitized settlements, structured claim settlements, and legal, medical,
17.19 indemnity, or other claim costs that might pose a significant burden for agencies.
17.20 The commissioner of ~~employee relations~~ administration, with the approval of the
17.21 commissioner of finance, may establish criteria and procedures for payment from the
17.22 account on an agency's behalf. The commissioner of ~~employee relations~~ administration
17.23 may assess agencies on a reimbursement or premium basis from time to time to ensure
17.24 adequate account reserves. The account consists of appropriations from the general fund,
17.25 receipts from billings to agencies, and credited investment gains or losses attributable to
17.26 balances in the account. The State Board of Investment shall invest the assets of the
17.27 account according to section 11A.24.

17.28 Sec. 39. Minnesota Statutes 2006, section 176.611, subdivision 3a, is amended to read:

17.29 Subd. 3a. **Loans.** To maintain an ongoing balance sufficient to pay sums currently
17.30 due for benefits and administrative costs, the commissioner of finance, upon request of
17.31 the commissioner of ~~employee relations~~ administration, may transfer money from the
17.32 general fund to the state compensation revolving fund. Before requesting the transfer,
17.33 the commissioner of ~~employee relations~~ administration must decide there is not enough
17.34 money in the fund for an immediate, necessary expenditure. The amount necessary to

18.1 make the transfer is appropriated from the general fund to the commissioner of finance.
18.2 The commissioner of ~~employee relations~~ administration shall make schedules to repay the
18.3 transferred money to the general fund. The repayment may not extend beyond five years.

18.4 Sec. 40. Minnesota Statutes 2007 Supplement, section 353.03, subdivision 3, is
18.5 amended to read:

18.6 Subd. 3. **Duties and powers of the board.** (a) The board shall:

18.7 (1) elect a president and vice-president;

18.8 (2) approve the staffing complement, as recommended by the executive director,
18.9 necessary to administer the fund;

18.10 (3) adopt bylaws for its own government and for the management of the fund
18.11 consistent with the laws of the state and may modify them at pleasure;

18.12 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
18.13 the terms of the applicable benefit plans for the administration and management of the
18.14 fund, for the payment and collection of payments from members and for the payment of
18.15 withdrawals and benefits, and that are necessary in order to comply with the applicable
18.16 federal Internal Revenue Service and Department of Labor requirements;

18.17 (5) pass upon and allow or disallow all applications for membership in the fund and
18.18 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

18.19 (6) adopt an appropriate mortality table based on experience of the fund as
18.20 recommended by the association actuary and approved under section 356.215, subdivision
18.21 18, with interest set at the rate specified in section 356.215, subdivision 8;

18.22 (7) provide for the payment out of the fund of the cost of administering this
18.23 chapter, of all necessary expenses for the administration of the fund and of all claims for
18.24 withdrawals, pensions, or benefits allowed; and

18.25 (8) approve or disapprove all recommendations and actions of the executive director
18.26 made subject to its approval or disapproval by subdivision 3a.

18.27 (b) In passing upon all applications and claims, the board may summon, swear, hear,
18.28 and examine witnesses and, in the case of claims for disability benefits, may require the
18.29 claimant to submit to a medical examination by a physician of the board's choice, at the
18.30 expense of the fund, as a condition precedent to the passing on the claim, and, in the
18.31 case of all applications and claims, may conduct investigations necessary to determine
18.32 their validity and merit.

18.33 (c) The board may continue to authorize the sale of life insurance to members under
18.34 the insurance program in effect on January 1, 1985, but must not change that program
18.35 without the approval of the commissioner of finance. The association shall not receive

19.1 any financial benefit from the life insurance program beyond the amount necessary to
19.2 reimburse the association for costs incurred in administering the program. The association
19.3 shall not engage directly or indirectly in any other activity involving the sale or promotion
19.4 of goods or services, or both, whether to members or nonmembers.

19.5 (d) The board shall establish procedures governing reimbursement of expenses
19.6 to board members. These procedures must define the types of activities and expenses
19.7 that qualify for reimbursement, must provide that all out-of-state travel be authorized
19.8 by the board, and must provide for the independent verification of claims for expense
19.9 reimbursement. The procedures must comply with the applicable rules and policies of
19.10 the Department of Finance, and the Department of Administration, ~~and the Department~~
19.11 ~~of Employee Relations.~~

19.12 (e) The board may purchase fiduciary liability insurance and official bonds for the
19.13 officers and members of the board of trustees and employees of the association and may
19.14 purchase property insurance or may establish a self-insurance risk reserve including, but
19.15 not limited to, data processing insurance and "extra-expense" coverage.

19.16 Sec. 41. Minnesota Statutes 2006, section 356.215, subdivision 2a, is amended to read:

19.17 Subd. 2a. **Projection valuation requirements.** (a) A quadrennial projection
19.18 valuation authorized under subdivision 2 is intended to serve as an additional analytical
19.19 tool with which policy makers may assess the future funding status of public plans through
19.20 forecasting and testing various potential outcomes over time if certain plan assumptions or
19.21 valuation methods were to be modified.

19.22 (b) In consultation with the retirement fund directors, the state economist, the state
19.23 demographer, and the commissioner of finance, ~~and the commissioner of employee~~
19.24 ~~relations~~, the actuary retained under section 356.214 shall perform the quadrennial
19.25 projection valuations on behalf of the commissioner of finance, testing future implications
19.26 for plan funding by modifying assumptions and methods currently in place. The actuary
19.27 retained under section 356.214 shall provide advice to the commissioner as to the periods
19.28 over which such projections should be made, the nature and scope of the scenarios to be
19.29 analyzed, and the measures of funding status to be employed, and shall report the results
19.30 of these analyses in the same manner as for quadrennial experience studies.

19.31 Sec. 42. **REVISOR'S INSTRUCTION.**

19.32 (a) The revisor shall change references to the commissioner or Department of
19.33 Employee Relations to the commissioner or Department of Finance, as appropriate, in
19.34 the following sections of Minnesota Statutes: 3.855, 4.46, 6.582, 13.67, 13.6705, 15.053,

20.1 15.0594, 15.46, 15.53, 15.55, 15A.081, 15A.0815, 15A.13, 16A.1286, 16A.17, 16B.55,
20.2 17.1015, 31.60, 43A.02, 43A.08, 43A.18, 43A.181, 43A.19, 43A.191, 43A.23, 43A.24,
20.3 43A.316, 43A.317, 43A.346, 43A.38, 62D.145, 62I.121, 62J.26, 79.34, 116J.60, 116L.86,
20.4 116O.04, 116S.03, 116T.03, 116U.35, 125A.73, 138.01, 144.70, 144.84, 163.07, 174.02,
20.5 179A.10, 179A.22, 179A.30, 192.38, 196.23, 241.01, 241.14, 244.19, 246.27, 246.60,
20.6 256B.0644, 270C.02, 298.22, 352.01, 352.03, 352.91, 356.351, 462A.04, 465.722,
20.7 471.999, 473.143, 477A.014, 484.54, and 611.265.

20.8 (b) The revisor shall renumber Minnesota Statutes, section 43A.044, as 16B.495.

20.9 (c) The revisor shall make similar changes in Minnesota Rules, parts 3300.5010,
20.10 3325.0110, 3325.0420, 3900.0400, 3920.0100, 4670.0830, 7520.0400, 9505.5240,
20.11 9575.0150, and 9575.0160.

20.12 Sec. 43. **REPEALER.**

20.13 Minnesota Statutes 2006, sections 43A.03; and 176.5401, are repealed.