

Subject State Government

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Overview

This bill establishes a retained savings program to encourage state agencies to innovate and identify efficiencies and cost savings. State agencies could retain and carry forward half of any savings attributable to unanticipated innovation, efficiencies, or creative cost-savings. With approval from the Legislative Advisory Commission and Minnesota Management and Budget, the agency could spend these dollars on projects that directly support the agency's mission and do not create future obligations, as determined by a peer review panel comprised of the agency's managers and the employees who receive credit for the cost-saving initiatives.

The legislature enacted a similar statute in 2011, which expired by its own terms in 2018.

Summary

Section	Description
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1	SAVI program.
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Establishes the state agency value initiative (SAVI) and its components.

Subdivision 1. Program established. Establishes the program and its purpose. Authorizes all state agencies, including Minnesota State Colleges and Universities, to participate in the program.

Subd. 2. Retained savings. Provides that upon approval of the commissioner of Minnesota Management and Budget (MMB), 50 percent of any amount appropriated for agency operations that remains unspent at the end of a biennium due to unanticipated innovation, efficiencies, or cost-savings may be carried forward and retained by the agency to fund specific agency proposals or projects. Project expenditures must not create future obligations beyond the amounts available from the retained savings. Provides that this section supersedes any contrary provision in section 16A.28, which provides that

Section **Description**

unspent appropriations generally lapse, or cancel to the fund from which they were appropriated, at the end of a budget period. Specifies that this section does not restrict an agency's authority under other law to carry forward money for a different period or purpose.

Subd. 3. Special peer review panel; review process. Requires each participating agency to organize a peer review panel that will determine which projects receive funding. The panel must be balanced between the employees credited with cost-savings initiatives and management.

Provides that an agency may spend money for a project recommended for funding by the panel after the agency posts notice of proposed spending on its website for at least 30 days, and MMB approves the project. Requires MMB to seek a recommendation from the existing Legislative Advisory Commission before approving a project. (Under current law and this bill, the Legislative Advisory Commission has rotating membership that consists of the leaders of the majority caucuses in the House of Representatives and Senate, plus the chairs of the committees with jurisdiction over the agency at issue.)

Subd. 4. SAVI-dedicated account. Provides that agency savings will be deposited in a SAVI account in the special revenue fund or another appropriate fund determined by MMB. Appropriates money in the account to the participating agency for purposes authorized by this section.

Effective date: Provides that this section is effective June 30, 2025, and first applies to funds carried forward from the biennium that ends on that date.

2 **Lapse.**

Creates an exception to current law for the carryforward authority provided for the SAVI program under this bill.

Effective date: Provides that this section is effective June 30, 2025.



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