

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Lead Agency: **Administration Dept**
 Other Agencies:

Agriculture Dept	Arts Board
Children, Youth and Families	Commerce Dept
Corrections Dept	Education Department
Emergency Medical Services Office	Employment and Economic Dvlpmt
Explore Minnesota	Health Dept
Historical Society	Housing Finance Agency
Human Services Dept	Indian Affairs Council
Iron Range Resources and Rehabilitation	Labor and Industry Dept
Metropolitan Council	Minn Management and Budget
Minnesota IT Services	MNSure
Natural Resources Dept	Office of Cannabis Management
Office of Higher Education	Perpich Center for Arts Education
Pollution Control Agency	Prof Educator Licensing Std Bd
Public Defense Board	Public Safety Dept
Racing Commission	Revenue Dept
Secretary of State	Sentencing Guidelines Comm
Supreme Court	Transportation Dept
Veterans Affairs Dept	Water and Soil Resources Board

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
Administration Dept						
General Fund	-	10	120	110	85	
Agriculture Dept						
General Fund	-	-	588	473	473	
Arts Board						
General Fund	-	-	9	9	9	
Arts and Cultural Heritage Fund	-	-	58	57	57	
Children, Youth and Families						
General Fund	-	-	475	537	537	
Commerce Dept						
General Fund	-	-	-	-	-	
Education Department						
General Fund	-	-	196	197	197	
Emergency Medical Services Office						
General Fund	-	-	-	-	-	
Employment and Economic Dvlpmt						

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028
General Fund	-	-	1,096	2,191	2,191
Explore Minnesota	-	-	-	-	-
General Fund	-	-	-	-	-
Health Dept	-	-	741	972	972
Historical Society	-	-	27	27	27
Housing Finance Agency	-	-	958	958	958
Human Services Dept	-	-	2,158	2,552	2,557
Iron Range Resources and Rehabilitation	-	-	34	75	75
Labor and Industry Dept	-	-	2	2	2
MNsure	-	-	291	281	281
Minn Management and Budget	-	-	479	639	639
Minnesota IT Services	-	-	4	-	-
Natural Resources Dept	-	-	59	59	59
General Fund	-	-	81	81	81
Environment and Natural Resource	-	-	2	2	2
Water Recreation	-	-	20	20	20
Snowmobile	-	-	6	6	6
All Terrain Vehicle	-	-	1	1	1
Zoos Lottery In Lieu	-	-	6	6	6
State Land and Water Conservation	-	-	1	1	1
Rgnl Pks and Trls Lott in Lieu	-	-	2	2	2
Heritage Enhancement	-	-	106	106	106
Outdoor Heritage Fund	-	-	11	11	11
Parks And Trails Fund	-	-	1	1	1
Reinvest In Minnesota Gifts	-	-	7	7	7
Federal Fund	-	-	-	-	-
Office of Higher Education	-	-	41	120	120
Pollution Control Agency	-	-	417	237	237
Prof Educator Licensing Std Bd	-	-	-	-	-
General Fund	-	-	-	-	-
Public Safety Dept	-	-	1,164	1,164	1,164
Transportation Dept	-	-	348	503	503
Veterans Affairs Dept	-	-	-	-	-

State Cost (Savings)		Biennium			Biennium	
		Dollars in Thousands	FY2025	FY2026	FY2027	FY2028
General Fund		-	-	40	40	40
Water and Soil Resources Board		-	-	-	-	-
General Fund		-	-	-	-	-
State Total						
General Fund		-	10	9,213	11,071	11,051
Arts and Cultural Heritage Fund		-	-	58	57	57
Iron Range Resources and Rehab		-	-	34	75	75
Environment and Natural Resource		-	-	81	81	81
Water Recreation		-	-	2	2	2
Snowmobile		-	-	20	20	20
All Terrain Vehicle		-	-	6	6	6
Zoos Lottery In Lieu		-	-	1	1	1
State Land and Water Conservation		-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu		-	-	1	1	1
Heritage Enhancement		-	-	2	2	2
Outdoor Heritage Fund		-	-	106	106	106
Parks And Trails Fund		-	-	11	11	11
Reinvest In Minnesota Gifts		-	-	1	1	1
Federal Fund		-	-	7	7	7
Total		-	10	9,549	11,447	11,427
Biennial Total				9,559		22,874

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Administration Dept						
General Fund		-	.06	.69	.63	.49
Agriculture Dept						
General Fund		-	-	2.17	2.17	2.17
Arts Board						
General Fund		-	-	.05	.05	.05
Arts and Cultural Heritage Fund		-	-	.35	.35	.35
Children, Youth and Families						
General Fund		-	-	2.89	3.85	3.85
Commerce Dept						
General Fund		-	-	.83	.3	.3
Education Department						
General Fund		-	-	1.06	1.06	1.06
Emergency Medical Services Office						
General Fund		-	-	.01	-	-
Employment and Economic Dvlpmt						
General Fund		-	-	7	14	14
Explore Minnesota						
General Fund		-	-	-	-	-
Health Dept						
General Fund		-	-	2.89	2.89	2.89
Historical Society						

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.25	.25	.25
Housing Finance Agency					
General Fund	-	-	5.5	5.5	5.5
Human Services Dept					
General Fund	-	-	15	20	20
Iron Range Resources and Rehabilitation					
Iron Range Resources and Rehab	-	-	.23	.5	.5
Labor and Industry Dept					
General Fund	-	-	-	-	-
MNsure					
General Fund	-	-	1	1	1
Minn Management and Budget					
General Fund	-	-	3	4	4
Minnesota IT Services					
General Fund	-	-	-	-	-
Natural Resources Dept					
General Fund	-	-	.34	.34	.34
Environment and Natural Resource	-	-	.35	.35	.35
Water Recreation	-	-	.01	.01	.01
Snowmobile	-	-	.09	.09	.09
All Terrain Vehicle	-	-	.03	.03	.03
Zoos Lottery In Lieu	-	-	-	-	-
State Land and Water Conservation	-	-	.03	.03	.03
Rgnl Pks and Trls Lott in Lieu	-	-	.01	.01	.01
Heritage Enhancement	-	-	.01	.01	.01
Outdoor Heritage Fund	-	-	.46	.46	.46
Parks And Trails Fund	-	-	.05	.05	.05
Reinvest In Minnesota Gifts	-	-	-	-	-
Federal Fund	-	-	.03	.03	.03
Office of Higher Education					
General Fund	-	-	.24	.72	.72
Pollution Control Agency					
General Fund	-	-	.7	.45	.45
Prof Educator Licensing Std Bd	-	-	-	-	-
General Fund	-	-	-	-	-
Public Safety Dept					
General Fund	-	-	6.4	6.4	6.4
Transportation Dept					
General Fund	-	-	1.75	3.5	3.5
Veterans Affairs Dept					
General Fund	-	-	.25	.25	.25
Water and Soil Resources Board	-	-	-	-	-
General Fund	-	-	.1	.08	.08
Total	-	.06	53.77	69.36	69.22

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: Christian Larson
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Date: 4/16/2026 8:07:46 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 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Administration Dept					
General Fund	-	10	120	110	85
Agriculture Dept					
General Fund	-	-	588	473	473
Arts Board					
General Fund	-	-	9	9	9
Arts and Cultural Heritage Fund	-	-	58	57	57
Children, Youth and Families					
General Fund	-	-	475	537	537
Commerce Dept					
General Fund	-	-	-	-	-
Education Department					
General Fund	-	-	196	197	197
Emergency Medical Services Office					
General Fund	-	-	-	-	-
Employment and Economic Dvlpmt					
General Fund	-	-	1,096	2,191	2,191
Explore Minnesota					
General Fund	-	-	-	-	-
Health Dept					
General Fund	-	-	741	972	972
Historical Society					
General Fund	-	-	27	27	27
Housing Finance Agency					
General Fund	-	-	958	958	958
Human Services Dept					
General Fund	-	-	2,158	2,552	2,557
Iron Range Resources and Rehabilitation					
Iron Range Resources and Rehab	-	-	34	75	75
Labor and Industry Dept					
General Fund	-	-	2	2	2
MNsure					
General Fund	-	-	291	281	281
Minn Management and Budget					
General Fund	-	-	479	639	639
Minnesota IT Services					
General Fund	-	-	4	-	-
Natural Resources Dept					
General Fund	-	-	59	59	59
Environment and Natural Resource	-	-	81	81	81
Water Recreation	-	-	2	2	2
Snowmobile	-	-	20	20	20

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
All Terrain Vehicle	-	-	6	6	6
Zoos Lottery In Lieu	-	-	1	1	1
State Land and Water Conservation	-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu	-	-	1	1	1
Heritage Enhancement	-	-	2	2	2
Outdoor Heritage Fund	-	-	106	106	106
Parks And Trails Fund	-	-	11	11	11
Reinvest In Minnesota Gifts	-	-	1	1	1
Federal Fund	-	-	7	7	7
Office of Higher Education					
General Fund	-	-	41	120	120
Pollution Control Agency					
General Fund	-	-	417	237	237
Prof Educator Licensing Std Bd	-	-	-	-	-
General Fund	-	-	-	-	-
Public Safety Dept					
General Fund	-	-	1,164	1,164	1,164
Transportation Dept					
General Fund	-	-	348	503	503
Veterans Affairs Dept					
General Fund	-	-	40	40	40
Water and Soil Resources Board	-	-	-	-	-
General Fund	-	-	-	-	-
Total	-	10	9,549	11,447	11,427
Biennial Total			9,559		22,874

1 - Expenditures, Absorbed Costs*, Transfers Out*

Administration Dept					
General Fund	-	10	120	110	85
Agriculture Dept					
General Fund	-	-	588	473	473
Arts Board					
General Fund	-	-	9	9	9
Arts and Cultural Heritage Fund	-	-	58	57	57
Children, Youth and Families					
General Fund	-	-	475	537	537
Commerce Dept	-	-	-	-	-
General Fund	-	-	202	74	74
Education Department					
General Fund	-	-	196	197	197
Emergency Medical Services Office	-	-	-	-	-
General Fund					
Expenditures	-	-	1	1	1
Absorbed Costs	-	-	(1)	(1)	(1)
Employment and Economic Dvlpmt					
General Fund	-	-	1,096	2,191	2,191
Explore Minnesota	-	-	-	-	-

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund					
Expenditures	-	-	5	5	5
Absorbed Costs	-	-	(5)	(5)	(5)
Health Dept					
General Fund	-	-	741	972	972
Historical Society					
General Fund	-	-	27	27	27
Housing Finance Agency					
General Fund	-	-	958	958	958
Human Services Dept					
General Fund	-	-	2,158	2,552	2,557
Iron Range Resources and Rehabilitation					
Iron Range Resources and Rehab	-	-	34	75	75
Labor and Industry Dept					
General Fund					
Expenditures	-	-	6	11	11
Absorbed Costs	-	-	(4)	(9)	(9)
MNsure					
General Fund	-	-	291	281	281
Minn Management and Budget					
General Fund	-	-	479	639	639
Minnesota IT Services					
General Fund	-	-	4	-	-
Natural Resources Dept					
General Fund	-	-	59	59	59
Environment and Natural Resource	-	-	81	81	81
Water Recreation	-	-	2	2	2
Snowmobile	-	-	20	20	20
All Terrain Vehicle	-	-	6	6	6
Zoos Lottery In Lieu	-	-	1	1	1
State Land and Water Conservation	-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu	-	-	1	1	1
Heritage Enhancement	-	-	2	2	2
Outdoor Heritage Fund	-	-	106	106	106
Parks And Trails Fund	-	-	11	11	11
Reinvest In Minnesota Gifts	-	-	1	1	1
Federal Fund	-	-	7	7	7
Office of Higher Education					
General Fund	-	-	41	120	120
Pollution Control Agency					
General Fund	-	-	417	237	237
Prof Educator Licensing Std Bd					
General Fund					
Expenditures	-	-	1	1	1
Absorbed Costs	-	-	(1)	(1)	(1)
Public Safety Dept					

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1,164	1,164	1,164
Transportation Dept					
General Fund	-	-	348	503	503
Veterans Affairs Dept					
General Fund	-	-	40	40	40
Water and Soil Resources Board	-	-	-	-	-
General Fund					
Expenditures	-	-	14	12	12
Absorbed Costs	-	-	(14)	(12)	(12)
Total	-	10	9,751	11,521	11,501
Biennial Total			9,761		23,022
2 - Revenues, Transfers In*					
Administration Dept					
General Fund	-	-	-	-	-
Agriculture Dept					
General Fund	-	-	-	-	-
Arts Board					
General Fund	-	-	-	-	-
Arts and Cultural Heritage Fund	-	-	-	-	-
Children, Youth and Families					
General Fund	-	-	-	-	-
Commerce Dept	-	-	-	-	-
General Fund	-	-	202	74	74
Education Department					
General Fund	-	-	-	-	-
Emergency Medical Services Office	-	-	-	-	-
General Fund	-	-	-	-	-
Employment and Economic Dvlpmt					
General Fund	-	-	-	-	-
Explore Minnesota	-	-	-	-	-
General Fund	-	-	-	-	-
Health Dept					
General Fund	-	-	-	-	-
Historical Society					
General Fund	-	-	-	-	-
Housing Finance Agency					
General Fund	-	-	-	-	-
Human Services Dept					
General Fund	-	-	-	-	-
Iron Range Resources and Rehabilitation					
Iron Range Resources and Rehab	-	-	-	-	-
Labor and Industry Dept					
General Fund	-	-	-	-	-
MNsure					
General Fund	-	-	-	-	-
Minn Management and Budget					

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Minnesota IT Services					
General Fund	-	-	-	-	-
Natural Resources Dept					
General Fund	-	-	-	-	-
Environment and Natural Resource	-	-	-	-	-
Water Recreation	-	-	-	-	-
Snowmobile	-	-	-	-	-
All Terrain Vehicle	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
State Land and Water Conservation	-	-	-	-	-
Rgnl Pks and Trls Lott in Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
Outdoor Heritage Fund	-	-	-	-	-
Parks And Trails Fund	-	-	-	-	-
Reinvest In Minnesota Gifts	-	-	-	-	-
Federal Fund	-	-	-	-	-
Office of Higher Education					
General Fund	-	-	-	-	-
Pollution Control Agency					
General Fund	-	-	-	-	-
Prof Educator Licensing Std Bd	-	-	-	-	-
General Fund	-	-	-	-	-
Public Safety Dept					
General Fund	-	-	-	-	-
Transportation Dept					
General Fund	-	-	-	-	-
Veterans Affairs Dept					
General Fund	-	-	-	-	-
Water and Soil Resources Board	-	-	-	-	-
General Fund	-	-	-	-	-
Total	-	-	202	74	74
Biennial Total			202		148

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Administration Dept**

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) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	10	120	110	85
Total	-	10	120	110	85
Biennial Total			130		195

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	.06	.69	.63	.49
Total	-	.06	.69	.63	.49

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:** 4/6/2026 12:06:12 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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
General Fund	-	10	120	110	85	
Total		-	10	120	110	85
Biennial Total				130		195
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	10	120	110	85	
Total		-	10	120	110	85
Biennial Total				130		195
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill sets forth a number of provisions related to penalties for misconduct of a public officer or employee, implementation of audits conducted by the Office of the Legislative Auditor, state payment oversight, state agency employee training, enforcement of policies, reporting requirements, grants monitoring, hiring limitations, and debt collection reporting. This fiscal note focuses on the following provisions impacting the Department of Administration (Admin) and the programs administered under its authority.

Section 3: **Payment Oversight**, requires, unless otherwise specified, any appropriation, allocation, payment, or other transfer of money made through a state agency or board to a nongovernmental entity be subject to grants management requirements under sections 16B.97 to 16B.991 or contracting requirements under 16C.001 to 16C.36, as applicable. Also specifies grants and payments that are not subject to section 3.

Section 4: **Inventory Training**, requires all agency employees responsible for maintaining an inventory of state real property or state personal property to complete annual training provided by the Commissioner of Administration.

Sections 5 and 6: **Discretionary powers and Duties**, redefines three powers of the Commissioner of Administration from "Discretionary" to "Duty".

Section 8: **Reporting of investigations**, requires grant making agencies to report to the Commissioner of Administration any grantee being investigated due to a credible allegation of fraud, requires the Commissioner to maintain a list of agency-reported grantees, and specifies when a grantee can be removed from the list.

Section 9: **Site visit requirement**, requires a grant making agency conduct an unannounced, on-site, and in-person site visit for any grant over \$50,000 and annual unannounced, on-site, and in-person site visit for any grant over \$250,000 and allows for the Commissioner of Administration to approve exceptions to site visit requirements for specific grant programs.

Section 10: **Grants management training**, requires state agency staff assigned to conduct financial reconciliation of grants to complete initial and ongoing annual financial reconciliation training, requires state agencies report annually to the Commissioner of Administration on grants management trainings, and requires the Commissioner of Administration to ensure state agency compliance with training requirements.

Section 11: **Hiring limitation**, restricts grantees from hiring a state employee involved in the awarding or managing of a state grant to the grantee and specifies violation of this restriction must result in grant termination and repayment to the

state by the grantee of grant funds and debarment of the grantee.

Assumptions

Fiscal impact is based on the following assumptions:

Payment Oversight: Admin does not have current information on whether additional agencies, boards, and councils will have payments subject to 16B.97 to 16B.991 under the Payment Oversight section of this bill. This fiscal note includes costs Admin OGM anticipates for the current 32 grant making agencies. Should additional agencies, boards, and councils have payments newly subject to grant policy, OGM would incur costs for staff time to approve grant contracts, field inquiries, train staff, provide access to the grantee evaluation portal and for related reporting. Due to a lack of information on whether there are additional agencies, boards, and councils covered, those costs cannot be determined at this time.

Inventory Training:

- Admin assumes the real property inventory of facilities will continue to be stored within the Enterprise Real Property Program (ERPP) Integrated Web Management System (IWMS) and maintained by agencies that have custodial control over real property. The real property inventory of land will continue to be managed in siloed agency systems and the ERPP IWMS as described in M.S.16B.245, Subd. 2 by agencies that have custodial control over real property.
- ERPP assumes it will develop and administer the real property inventory management training for facility inventory management and land inventory management as described in M.S.16B.245, Subd. 2 utilizing ERPP IWMS. ERPP provides existing training materials and assumes it will expand upon existing training material to develop a 1-hour annual formal virtual training session for all agency employees responsible for maintaining an inventory of state real property. ERPP assumes that all agencies that maintain a land inventory in siloed systems will continue to use the siloed systems, and develop and administer training specific to those systems and their agency land inventory.
- ERPP estimates 40 FTE hours as a one-time cost to develop additional training material and the training, and 8 FTE hours as an annual cost to prepare and administer the training. At an average FTE cost of \$70/hour the cost in the first year would be \$3,360 and less than \$1000 ongoing. Given this cost and that the training is consistent with existing activities of the office, the amount is immaterial and can be absorbed by the agency
- Admin further assumes this bill would have no impact on the costs associated with inventorying state personal property for the State of Minnesota. The Fleet and Surplus Services (FSS) team already conducts annual inventories of state property as part of its standard operations. The team also provides inventory training to agencies prior to those inventories to ensure consistent and accurate reporting. Because these activities are already in place, the bill does not create any additional operational or financial burden for the state.

Site visit requirement:

- Admin assumes the requirement is in addition to the current Department of Administration Office of Grants Management (OGM) monitoring requirements.
- Across it's divisions Admin manages 130 grants totaling over \$60M each biennium. Admin assumes the agency would be responsible for managing 130 grants over \$50,000, including 75 carry forward grants executed prior to FY 27; and 50 grants over \$250,000, including 20 carryforward grants.
- Admin assumes unannounced site visits will have a success rate of 70%, with 30% requiring additional visits. Admin further assumes unannounced site visits require and average of 6 hours of staff time by SPA Coordinator or equivalent for each site visit.

The following table summarizes the site visits for FY 27-29

Number of site visits	FY 27	FY 28	FY 29
Grants initiated in FY 26 >50k<\$250k that carryforward into 27 and require one site visit	75		
Grants initiated in FY 26 >250k that carryforward into 27 and require an annual site visit	20		
Grants initiated >\$50k<\$250k 80 total with 75 carryforward into next FY. Half of 75 have site visit in second year		43	37
Grants initiated >\$250k		50	

>250k 50 total with 20 that carryforward into 2nd year and require and annual site visitGrants initiated			20
Total	95	93	57
Number of site vists at 70% first visit success, remaining take 2 visits = 130%	123	121	74
Hours 6hrs/site visit	741	725	445
FTE (2088 hrs/ yr)	.35	.35	.21

Additionally, Admin estimates about 30% of Admin grantee locations are 35+ miles away and incur travel costs.

Site visit travel costs	FY 27 and 28 (similar)	FY 29
# of site visits requiring travel (30% of all site visits)	37	22
Mileage (average 75 miles - one-way)	4,024	2,393
Lunch (\$13)	481	286
Overnight: Lodging (\$200/night)*	1,900	1,200
Overnight: Dinner (\$19)*	176	105
Overnight: Breakfast (\$11)*	102	61
Total	6,682	4,044

*Assume 25% of site visits 35+ miles away require overnight travel

- Admin assumes an average of 3 hours of staff time by SPA Coordinator or equivalent to review and determine possible exception to the on-site visit requirement for specific programs and assumes 100 exception requests per FY. Total FTE = 0.14 FTE per year starting in FY27.

Grants management training:

- Assumes OGM can access existing content to make available an initial financial reconciliation training (one hour max) accessible online/on demand such as through the Enterprise Learning and Management System (ELM) by Jan. 15, 2027, for agency staff completion by end of FY27.
- Admin assumes OGM and MMB will partner to make available ongoing annual financial reconciliation training that is available online/on demand; assumes agencies provide supplemental content and training to their staff around their internal financial reconciliation procedures; assumes state agencies identify, assign, track and ensure compliance by their staff with all grants management training requirement.
- Admin assumes OGM staff time to create multiple training curricula, materials, and online/on-demand courses by SPA Coordinator or equivalent at 300 hrs per course and one course per fiscal year starting in FY27. Total FTE = 0.14 FTE per year starting in FY27.

Hiring limitation: Assumes an ongoing disclosure requirement would be in place for all grantees; assumes 0 debarments due to this provision during the first three fiscal years of effectiveness as this is assumed to be a rare occurrence due to extensive communication activities to alert stakeholders of the restriction and mandatory disclosure.

Admin assumes two OGM policies, 10 grant contract agreement and award notification templates as well as numerous Request for Proposals (RFP) templates would need to be updated by August 1, 2026, to aid state agency compliance. As is current practice, OGM would begin work on these updated templates and documents as soon as the bill is passed, in FY 26, in order to provide guidance to agencies as soon as possible. Work on these items would continue into FY 27. Total FTE = (120 hrs) 0.06 FY26; (120 hrs) 0.06 FY27.

Expenditure and/or Revenue Formula

Total Admin Staff and other costs per FY

Duty	FY 26	FY 27	FY 28	FY 29
Site visits for Admin grants		0.35	0.35	0.21
Site visits policy exceptions		0.14	0.14	0.14
Annual Grants Management Training Development		0.14	0.14	0.14
Update policies and templates	0.06	0.06		
Total Staff FTE	0.06	0.69	0.63	0.49
Salary + Fringe	\$9,857	\$113,354	\$103,497	\$80,498
Travel costs for site visits		\$6,719	\$6,719	\$4,066
Total	\$9,857	\$120,073	\$110,216	\$84,564

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Mary Schmidt, 651 201-2377

Agency Fiscal Note Coordinator Signature: Ify Onyiah

Phone: 651-201-2387

Date: 4/3/2026 10:47:14 AM

Email: ify.onyiah@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Agriculture Dept**

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
General Fund	-	-	588	473	473	
Total	-	-	588	473	473	
Biennial Total			588		946	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	2.17	2.17	2.17
Total	-	-	2.17	2.17	2.17

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: Jordan Peoples **Date:** 4/8/2026 3:57:52 PM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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
General Fund	-	-	588	473	473	
Total	-	-	588	473	473	
	Biennial Total		588		946	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	588	473	473	
Total	-	-	588	473	473	
	Biennial Total		588		946	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

S.F.3900-1E amends Minnesota Statutes 16B.24 by adding subdivision 4a. requiring all state employees responsible for maintaining an inventory of state real property or state personal property to complete annual training provided by the commissioner.

S.F.3900-1E adds subdivision 4a. to Minnesota Statutes 16B.98 that establishes the requirement that the head of a granting agency must report to the commissioner any grantee being investigated due to a credible allegation of fraud.

S.F.3900-1E amends Minnesota Statutes 16B.98 to require state agencies to conduct site visits for grants of \$50,000 and greater. Unannounced, on-site, in-person site visits are required for any grant over \$50,000 and annual unannounced, on-site, in-person site visits for any grant over \$250,000 are required. This section is effective January 15, 2027.

S.F.3900-1E also establishes that all state agency staff assigned to conduct financial reconciliation of grants must complete initial training on conducting financial reconciliations before assuming grant management responsibilities and must complete continuing financial reconciliation training on an annual basis. Additionally, all state agencies must report annually to the commissioner the number of staff members who have received grants management training and training on conducting financial reconciliations. This section is effective January 15, 2027.

SF3900-1E includes a hiring limitation on state employees for a period of 12 months after a granting agency awards a grant, the grantee must not hire an individual to work with that grant who was a state employee involved in awarding or managing the grant.

Additionally, S.F.3900-1E amends Minnesota Statutes 16D.03 by adding a subdivision that requires all state employees who oversee balances owed to the state to complete training developed by the commissioners of Minnesota Management and Budget and the Department of Revenue. This section is effective January 15, 2027.

Assumptions

The Minnesota Department of Agriculture (MDA) assumes the inventory training requirement would be additional training for a minimum of three employees in Finance and Budget and six division inventory coordinators. MDA assumes Minnesota Department of Administration (ADM) will develop or build on existing training in these areas. The training will be at no cost to agencies and would be consistent with the work already done by applicable employees. The proposed language does not specify a length, but we are assuming at least 30-60 minutes per employee is a reasonable estimate. The training is not expected to be a significant cost. Any costs are minimal and would be absorbed.

We anticipate the total cost to meet the requirements of the bill for unannounced, in-person site visits for all grants \$50,000 - \$250,000; and annually for grants over \$250,000 to be \$408,022 per year. Cost will include but not be limited to \$280,550 for staff hours for grant reconciliation, site visits, and travel time; \$7,315 (3,371 per FTE) for operational expenses such as MNIT rate-based services and mobile devices, and \$120,483 travel expenses (hotel, per diem, mileage). The use of the full day per diem as an average was reasonable based on: a) the experience of those doing on site visits (AGRI/AMDD), b) based on a common preference of staff to be able to return to families/home, and c) based on routine calculations of time which would make any unannounced visit over 2 hours of travel time a total commitment of time a minimum of 7 hours. We recognize there are factors under the employee relations contracts related to travel reimbursement but those very specific considerations such as departure time, etc. were not factored in. Travel away from the 7-county metro region would typically involve full day per diem at a minimum. Scenario: Anticipating travel for staff to the site would be 2-4 hours, conducting the unannounced visit an average of 2 hours, time to eat a meal and the return travel again 2-4 hours.

MDA assumes a minimum of ten percent of its grantees would be unavailable if visits were unannounced; we increased visits and number of hotels by 10% to account for this.

We anticipate that it will take approximately 4,521 staff hours beginning in FY2027 and each year thereafter, to conduct in-person unannounced visits to grantees. This is ten hours per visit with 446 expected visits for grants between \$50,000 and \$250,000; and five hours per visit with a minimum of 13 expected visits for grants over \$250,000. We expect to have monitoring visits conducted by qualified program staff. We expect that this will be completed with staff paid at an average rate of \$62/hour (salary and fringe).

The MDA will need to cover the costs for grant management staff to complete financial reconciliation training required under SF3900, MDA's grant manager group (67 plus employees) will need to be trained in financial reconciliations. MDA assumes 40 hours of training in the first year and 10 hours for each year thereafter. MDA assumes 67 staff needing training in year one and ten additional staff each year for staff expansion at an average salary and fringe rate of \$67/hour.

This initial training would be needed for all staff (67) in year 1.

Year 1 costs: \$67/hour * 40 hours * 67 staff = \$179,560

In the out years it is assumption that of 67 staff 10 would be new (to account for turnover) and 57 would be retained staff in the out years.

Ongoing costs for new and existing staff: \$64,990

New staff: \$67/hour * 40 hours * 10 staff = \$26,800

Existing staff: \$67/hour * 10 hours * 57 staff = \$38,190

It is our assumption that the Department of Administration will be preparing the training modules for this training.

The cost of reporting annually to the commissioner the number of staff members who have received grants management training and training on conducting financial reconciliations is minimal. Any potential additional costs will be absorbed by MDA.

MDA assumes the hiring limitation provision would function as a non-compete clause limiting the former state employee from working on specific projects as an employee of another entity. MDA assumes the enterprise would provide required updates to the State of Minnesota employees in the Code of Ethical Conduct. MDA would assume the requirement to provide notice to grantees and off-boarding employees but not act as an enforcement role. Under this assumption there is no significant financial impact.

The collections training requirement would be additional training for three Finance and Budget staff. It is unclear from the language how this would interact with the training that Revenue already requires MDA staff to complete annually.

Additionally uncollectible debt information is already reported on the write-off form and it would be a matter of transferring that to the report. We rarely write off items and we do not expect this to take more than a few additional minutes for each report.

The cost of the collections training and debt reporting requirements is expected to be minimal. Any potential additional costs will be absorbed by the MDA.

Expenditure and/or Revenue Formula

Summary			
	FY27	FY28	FY29
Salary & Fringe	280,550	280,550	280,550
Operational	7,315	7,315	7,315
Travel	120,483	120,483	120,483
Training	179,560	64,990	64,990
Total	587,908	473,338	473,338

Grant Monitoring Costs:			
	Grants \$50k - \$250k	Grants >\$250k	Total
Monitoring Type	unannounced, on-site, in-person	annual unannounced, on-site, in-person	
Salary & Fringe:			
Ave hrly rate	62	62	
Hours per visits	10	5	
# of visits (+10%)	446	13	
FTE	2.14	0.03	2.17
Total Salary & Fringe	276,520	4,030	280,550
Operational:			
MNIT Rate Based	2,427	2,427	
Mobile Device	944	944	
FTE	2.14	0.03	2.17
Total Operational	7,214	101	7,315
Travel:			
Average RT Miles	250	203	
Mileage Rate	0.725	0.725	
# of visits	446	13	
Total Mileage	80,838	1,909	
Per Diem	43	43	
# of visits	446	13	

Total Meals	19,178	559	
Cost per Hotel	125	125	
# of Hotels	143	1	
Total Lodging	17,875	125	
Total Travel	117,891	2,593	120,483
Total cost of in-person visits	401,624	6,724	408,348

Financial Reconciliation Training:			
	FY27	FY28	FY29
Initial Staff	67	10	10
Hours	40	40	40
Rate	67	67	67
	179,560	26,800	26,800
On-Going Staff		57	57
Hours		10	10
Rate		67	67
	-	38,190	38,190
Total	179,560	64,990	64,990

Long-Term Fiscal Considerations

The expansion of the grants oversight process will require the permanent addition of staff to manage the monitoring and reconciliation process. This will require annual increases to compensate for inflationary pressures and bargaining unit contract changes.

Local Fiscal Impact

References/Sources

HR/LR Policy # 1445, rev. 1.2.2026.

<https://mn.gov/mmb-stat/policies/1445-codeofethicalconduct.pdf>

Agency Contact: Kaelene Arvidson-Hicks (651-201-6177)

Agency Fiscal Note Coordinator Signature: Julie Sis

Phone: 651-201-6412

Date: 4/8/2026 3:42:50 PM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Arts Board**

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) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	9	9	9
Arts and Cultural Heritage Fund	-	-	58	57	57
Total	-	-	67	66	66
Biennial Total			67		132

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.05	.05	.05
Arts and Cultural Heritage Fund	-	-	.35	.35	.35
Total	-	-	.4	.4	.4

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: Adam Bolling **Date:** 3/24/2026 7:57:25 PM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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
General Fund	-	-	-	9	9	9
Arts and Cultural Heritage Fund	-	-	-	58	57	57
Total	-	-	-	67	66	66
Biennial Total				67		132
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	9	9	9
Arts and Cultural Heritage Fund	-	-	-	58	57	57
Total	-	-	-	67	66	66
Biennial Total				67		132
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Arts and Cultural Heritage Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

Senate File 3900 would impose disciplinary action on a state employee who knowingly submitted false information to the Legislative Auditor which could include termination. Management and Budget would be responsible for tracking Legislative Auditor findings related to executive branch agencies and also in assisting agencies in the implementation of corrective action plans.

State agency employees who are responsible for maintaining inventory of either real property or state personal property would be required to complete annual training.

Grantor agencies would be required to submit grant solicitation documents for review prior to issuance, subject to limits set by the agency responsible for setting state grants policy. Executive branch agencies would be subject to a review of their grants processes and procedures to determine compliance with best practices. In addition, the bill would authorize the governing state agency to develop a process to make all parties to a grant aware of conflicts of interest.

The head of a grantor agency would be required to report on any grant recipient that is under investigation due to fraud allegations. Upon demand, a granting agency would be required to report on the status of any grant to which the agency is a party.

Grantors would be required to conduct unannounced in person monitoring visits for any grant exceeding \$50,000. Such visits would be required annually for grants exceeding \$250,000. An agency may request exceptions to these standards.

State agency staff who perform financial reconciliations would be required to complete an initial training module and follow up training on an annual basis.

State employees who are responsible for managing accounts receivable and debt owed to the state would be required to complete training.

Uncollectable debt and collection efforts would need to be reported as part of quarterly accounts receivable reports.

Assumptions

The amount of employee time required for initial and ongoing annual financial reconciliation training as well as debt management and collection training is estimated to be relatively modest. The Minnesota State Arts Board does not anticipate that such requirements would result in the need to increase full time equivalent employees. Currently, MSAB performs all monitoring visits on a virtual basis.

The mandate involving unannounced in person monitoring visits for grants exceeding \$50,000 will increase expenses by adding staff time and travel costs. MSAB anticipates 130 state fiscal year '27 grants that will exceed \$50,000. This includes 100 grants within the metropolitan area and 30 grants in greater Minnesota. Monitoring visit preparation and documentation involves two hours of staff time, one hour per visit, one hour of travel time within the metropolitan area, and four hours average round trip travel time to outstate grantees. We expect that approximately half of the unannounced visits will result in follow up visits because either grantee personnel are unavailable or grantee documentation is incomplete.

Expenditure and/or Revenue Formula

This would factor in cost increases for an arts program associate 2 at .4 full time equivalent. This would be step 3 on the MAPE pay grid and the starting date is July 1, 2026. The wage rate is \$58,109 per year. Total employee compensation costs amount to \$40,044 for sfy '27 through '29. Indirect costs are projected at \$3400 per year for a .4 FTE. This covers the cost of statewide systems and external audit costs. The cost of support from MN.IT Services is projected to be \$1121 per year. A new laptop and monitor adds approximately \$1200 in first year expenses along with an estimate of \$40 per year for other supplies expenses.

MSAB projects a total of 52 outstate visits due to the aforementioned reasons under "Assumptions." The total miles would be 14,560. Mileage expense is estimated to be \$10,556. Lodging cost at \$175 per night for 52 nights amounts to \$9,100. Employee meal reimbursement for 52 visits at \$32 per day comes to \$1600. Total travel costs are estimated at \$21,256 per year.

Long-Term Fiscal Considerations

The additional staff time needed to conduct in person monitoring visits in lieu of virtual visits will permanently increase costs for the Minnesota State Arts Board. In addition, MSAB would need to add office/work station space for a part-time program officer.

Local Fiscal Impact

References/Sources

Agency Contact: Sue Gens (651-215-1609)

Agency Fiscal Note Coordinator Signature: Sue Gens

Phone: 651-215-1609

Date: 3/24/2026 4:48:43 PM

Email: Sue.Gens@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Children, Youth and Families**

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
General Fund	-	-	475	537	537	
Total	-	-	475	537	537	
Biennial Total			475			1,074

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	2.89	3.85	3.85
Total	-	-	2.89	3.85	3.85

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: Kate Schiller **Date:** 4/15/2026 7:12:59 PM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

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	
General Fund	-	-	475	537	537	
Total	-	-	475	537	537	
Biennial Total			475			1,074
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	475	537	537	
Total	-	-	475	537	537	
Biennial Total			475			1,074
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

Broadly, this bill makes changes related to agency grant, inventory, and debt collection practices across the enterprise.

Section 1 makes it a cause for dismissal if a state official or employee knowingly submits documents to the Office of the Legislative Auditor (OLA) that violate MS 609.43, which governs misconduct. This section has no fiscal impact on DCYF.

Section 2 requires Minnesota Management and Budget to provide guidance to all agencies on implementing OLA recommendations on internal controls. It also requires MMB to provide technical assistance to agencies that have not implemented OLA recommendations.

Section 3 stipulates that any “appropriation, allocation, payment, or other transfer of money” from the state to any entity other than another state agency or political subdivision must follow all grants management requirements in statute. Funding for general obligation grants and capital project grants are exempted.

Section 4 requires that all state employees “responsible for maintaining an inventory of state real property or state personal property” to complete annual training, developed by the Department of Administration (Admin), on various property and asset management requirement.

Sections 5-6 make Admin responsible for: 1) ensuring all agencies comply with grant management training requirements; 2) reviewing agency grant management processes and enforcing policy/procedure improvements as needed.

Section 7 clarifies which state employees are included in the grant management processes for purposes of following related regulations.

Section 8 requires all grantmaking agencies to report to Admin any grantee being investigated due to a credible allegation of fraud and requires Admin to maintain a list of such grantees.

Section 9 requires grantmaking agencies to conduct unannounced, on-site, in-person monitoring visits for any grants over \$50,000 and to conduct such visits annually for any grant over \$250,000. Admin may approve exceptions to this requirement.

Section 10 requires all state employees working on financial reconciliation of grants to complete initial training before performing their responsibilities and to complete continuing training annually. It also requires agencies to report to Admin on the number of staff receiving training on grants management and requires Admin to ensure that all state agencies comply with the training requirements.

Section 11 prohibits a grantee from hiring a state employee who had been involved in awarding or managing the grant for

one year after the awarding of the grant. Grantees who violate this rule must pay back all funding and is debarred for two years.

Section 12 requires state employees who “oversee balances owed to the state” to complete training, developed by MMB, on quantifying and collecting such balances. The training must include newly established procedural guidance.

Section 13 adds to an existing reporting requirement on debt collection. Currently, agencies must report quarterly on uncollectible debt. Under this section, those reports must include information on what collection efforts were made or why no efforts were made. The report on this information, currently provided only to state government oversight committees, is to be provided by MMB to all committees.

Assumptions

Based on guidance from Admin, DCYF assumes that the new training required for employees will be provided to agency employees free of charge. DCYF further assumes that this training does not require a number of hours per employee that would notably impact their ability to perform their regularly assigned duties.

Based on guidance from Admin, DCYF assumes that section 3a applies only to money routed to a specific nongovernmental entities and not explicitly governed by grant or contract provisions or rules. The only funding at DCYF that meets this criteria is funding that is distributed to The Food Group, which is required to distribute that funding to food shelves across the state. This is codified in MS 142F14. DCYF already treats this funding as a grant for purposes of oversight and grant management, including program monitoring, progress reports, and fiscal reconciliation. Therefore, the provisions in this section would have no practical effect and no cost for DCYF.

DCYF assumes that the new monitoring visit requirements contained in section 9 would require additional work and time by grant management staff as follows:

- DCYF has 273 grants between \$50,000 and \$250,000. These grants are estimated to typically have two-year terms, meaning that 136 visits per year would be required under this provision.
- DCYF has 351 grants over \$250,000. As these grants would require annual visits, this provision would add 351 visits per year.
- This means that the total number of visits would be 487. DCYF assumes that each visit requires 10 hours of staff time, including preparation, performing the task, documentation, and travel. This would therefore create workload totaling 4,870 hours, or approximately 2.35 FTE. DCYF assumes that these new FTEs would be at the 15L classification.

DCYF assumes that there will be increased travel costs for in-person monitoring visits. We assume that 50% of trips (244 trips) are in the metropolitan area with an average round trip distance of 50 miles. These trips involve \$36.25 (50 miles x 72.5 cents per mile) for mileage and \$13 for one meal each for two staff. We assume that 50% of trips (244 trips) are outside the metropolitan area with an average round trip distance of 250 miles. The costs for these trips would include \$181.25 (250 miles x 72.5 cents per mile) for mileage (staff drive together), \$150 per room for lodging (1 night, 2 rooms) and \$43 for meals 3 meals each for 2 staff).

DCYF assumes that allocations of funding to political subdivisions and Tribes are not included as “grants” for the purposes of the new monitoring visit requirements.

DCYF assumes that the new requirements on reporting debt collection efforts included in Section 13 will require 0.5 FTE classified at level 8L. DCYF has a large volume of debt collection and MMB has provided guidance that reporting requirements under this bill would increase from what is currently reported, particularly with regard to collection efforts. This increased requirement would create additional workload. DCYF would need the additional capacity to manually record and organize data on its collection efforts. The additional capacity would also allow DCYF to compile its collections effort data, prepare required reports, and respond to inquiries about the data.

DCYF assumes that 1 new 8L FTE would be needed to coordinate enhanced reporting of debt collection efforts for which local social services agencies are responsible. DCYF would report high-level information on debt that counties and Tribal Nations are responsible for collecting the debt but would not provide detailed information about efforts undertaken by counties. If more detail is required, it would likely involve training and new workload across 87 counties, in addition to systems changes.

FTEs are assumed to begin October 1, 2026, and require an up-front administrative cost of \$17,744, and ongoing monthly

administrative costs of \$2,506. Salaries and fringe benefits are estimated using the most recent plans and collective bargaining agreements.

Expenditure and/or Revenue Formula

The cost of the 2.35 grant management FTEs is estimated to be \$353,114 in FY 2027 and \$415,221 in each subsequent year. This is estimated to be offset by Federal Funds Participation (FFP) of \$112,997 in FY 2027 and \$132,871 in each subsequent year, for a net cost of \$240,118 in FY 2027 and \$282,350 in each subsequent year.

The cost of the 0.5 debt collection reporting FTE is estimated to be \$65,045 in FY 2027 and \$74,897 in each subsequent year. This is estimated to be offset by FFP of \$20,814 in FY 2027 and \$23,967 in each subsequent year, for a net cost of \$44,231 in FY 2027 and \$50,930 in each subsequent year.

The cost of the 1 local reporting coordination FTE is estimated to be \$130,090 in FY 2027 and \$149,795 in each subsequent year. This is estimated to be offset by FFP of \$41,629 in FY 2027 and \$73,934 in each subsequent year, for a net cost of \$88,461 in FY 2027 and \$101,860 in each subsequent year.

The total travel costs for in-person monitoring visits for trips in the metro area are estimated to be \$12,017 per year. This includes \$36.25 for mileage and \$26 for meals for a total of \$49.25 per trip, multiplied by 244 trips. This would be offset by \$3,845 in FFP.

The total travel costs for in-person monitoring trips outside the metro area are estimated to be \$138,409 per year. This includes \$181.25 for mileage, \$300 for lodging, and \$86 for meals for a total of \$567.25, multiplied by 244 trips. This would be offset by \$44,291 in FFP.

Fund	BACT	Description	FY2026	FY2027	FY2028	FY2029
1000	11	Grant management FTEs (0, 1.76, 2.35, 2.35)		353	415	415
1000	11	Debt collection reporting FTE (0, 0.38, 0.5, 0.5)		65	75	75
1000	11	Local dept reporting coordination FTE (0, 0.75, 1, 1)		130	150	150
1000	11	Travel costs		150	150	150
1000	REV1	FFP @ 32%		(223)	(252)	(252)
		Total Net Fiscal Impact		475	537	537
		Full Time Equivalents		2.89	3.85	3.85

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

As noted in the assumptions section above, there are significant debt collection efforts related to DCYF programs undertaken by local social service agencies. If those agencies are expected to report on them in the same way as outlined in this bill, this may be a significant workload increase for them.

References/Sources

N/A

Agency Contact: Brian Hornbecker (651-539-8083)

Agency Fiscal Note Coordinator Signature: Marina Balleria
Phone: 651-272-6470

Date: 4/15/2026 12:17:04 PM
Email: marina.balleria@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Commerce Dept**

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
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.83	.3	.3
Total	-	-	.83	.3	.3

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: Karl Palm **Date:** 4/6/2026 3:26:42 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

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
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	202	74	74
Total		-	-	202	74	74
Biennial Total				202		148
2 - Revenues, Transfers In*						
General Fund		-	-	202	74	74
Total		-	-	202	74	74
Biennial Total				202		148

Bill Description

SF3900-1E amends several statutory provisions regarding agency grant, inventory, and debt collection practices.

Section 1 amends Minn. Stat. 2024, sec. 3.978, subd. 3 by adding paragraph (c), which provides that materials and information provided to the legislative auditor by public officials or public employees are documents subject to section 609.43 (misconduct of public officer or employee).

Section 2 amends Minn. Stat. 2025 Supp., sec. 16A.057, subd. 5 by adding two new paragraphs:

- Changes former paragraph (b) to paragraph (c).
- Adds a new paragraph (b) that requires the commissioner of Minnesota Management and Budget (MMB) to regularly provide guidance to all executive agencies on how to implement Office of the Legislative Auditor (OLA) recommendations related to internal controls.
- Adds a new paragraph (d) that requires MMB to provide technical assistance, as resources allow, to agencies that have not implemented recommendations from the OLA as detailed in the annual report in section 3.971, subd. 10, paragraph (a) (annual OLA report on agency implementation of audit recommendations).

Section 3 adds a new section in statute, 16A.38 (Payment Oversight):

- Paragraph (a) provides that an appropriation, allocation, payment, or transfer of money from a state agency or board to a nongovernmental entity is subject to oversight by the state agency or board in a manner consistent with sections 16B.97 to 16B.991 or 16C.001 to 16C.36, as applicable.
- Paragraph (b) provides that this section does not apply to general obligation grants as defined in section 16A.6965, capital project grants to political subdivisions as defined in section 16A.86, or capital project grants otherwise subject to section 16A.642.
- Paragraph (c) excludes payments made by Department of Revenue under chapter 290C.

Section 4 adds subd. 4a to Minn. Stat. 2024, sec. 16B.24:

- Subd. 4a requires all state agency employees responsible for maintaining an inventory of state real property or state personal property must annually complete training provided by the commissioner of the Department of Administration (Admin). The training must include but is not limited to accountability and oversight requirements for different types of assets and property, how to ensure adequate segregation of duties, and identification of inventory-related risks.

Section 5 amends Minn. Stat. 2024, sec. 16B.97, subd. 3 by deleting the language in paragraphs (1) and (7) under

Admin's discretionary powers.

Section 6 amends Minn. Stat. 2024, sec. 16B.97, subd. 4 by adding three paragraphs to Admin's duties:

- Paragraph (11) requires Admin to ensure all executive agencies comply with the training requirements under section 16B.98, subd. 6a.
- Paragraph (12) requires Admin to review executive agency grants management practices and establish and enforce policy or procedure improvements as needed, focusing on high-risk grant programs and grantees.
- Paragraph (13) requires Admin to establish offices for the purpose of carrying out grants governance, oversight, and management.

Section 7 amends Minn. Stat. 2024, sec. 16B.98, subd. 3 by adjusting language to be less permissive.

Section 8 adds subd. 4a to Minn. Stat. 2024, sec. 16B.98:

- Subd. 4a requires the head of a granting agency to report to the commissioner of Admin any grantee being investigated due to a credible allegation of fraud. It also provides that the commissioner of Admin must maintain a list of grantees reported under this subdivision, and that the grantee must not be removed from the list until an investigation is complete or closed.

Section 9 amends Minn. Stat. 2024, sec. 16B.98, subd. 6 by adding paragraph (b):

- Paragraph (b) requires a granting agency to conduct an unannounced, on-site, and in-person site visit for any grant over \$50,000, and annual unannounced, on-site, and in-person site visits for grants over \$250,000. Admin may approve exceptions to his requirement if the granting agency sufficiently justifies why unannounced, on-site, and in-person site visits are not suitable for a specific grant program.

- This section becomes effective January 15, 2027.

Section 10 amends Minn. Stat. 2025 Supp., sec. 16B.98, subd. 6a by adding grants management requirements:

- Paragraph (b) requires state agency staff assigned to conduct financial reconciliation of grants to complete initial training on conducting financial reconciliations before assuming grant management responsibilities and to complete continuing financial reconciliation training on an annual basis.

- Paragraph (c) requires state agencies to report annually to the commissioner of Admin the number of staff members who have received grants management training and training on conducting financial reconciliation of grants.

- Paragraph (d) requires the commissioner of Admin to ensure all state agencies comply with the training requirements in this section.

- This section becomes effective January 15, 2027.

Section 11 adds subd. 15 to Minn. Stat. 2024, sec. 16B. 98:

- Subd. 15 prohibits a grantee from hiring an individual who was a state employee involved in awarding or managing the grant for a period of 12 months after the granting agency awards the grant. If a grantee violates this subdivision, the granting agency must immediately terminate the grant, the grantee must repay to the state all money received under the grant, and the commissioner of Admin must debar the grantee for 24 months beginning on the first day of the individual's employment with the grantee.

Section 12 adds subd. 4 to Minn. Stat. 2024, sec. 16D.03:

- Subd. 4 requires state agency employees who oversee balances owed to the state to complete training developed by the commissioners of MMB and the Department of Revenue to quantify such balances and determine options for collection. As part of this training, MMB and Revenue must establish guidance for state agency staff to follow when collecting balances owed to the state.

- This section becomes effective January 15, 2027.

Section 13 amends Minn. Stat. 2025 Supp., sec. 16D.09, subd. 1 by adding collection efforts to reporting activities regarding uncollectable debts:

- Paragraph (b) requires a state agency to add collection efforts taken to its quarterly reports to the commissioner of

management and budget regarding uncollectable debts. If no collection efforts were made for a particular debt, the state agency must report its rationale.

- For an uncollectible debt equaling or exceeding \$100,000, paragraph (c) requires a state agency to add collection efforts made or the reason no collection efforts were made to its notification to the chairs and ranking minority members of the legislative committees with jurisdiction over the state agency's budget at the time the debt is determined to be uncollectible.
- This section becomes effective July 1, 2027.

Assumptions

The Department of Commerce (Commerce) assumes sections 1-8 and 10-13 will have no fiscal impact for the agency because the provisions are: (a) under the purview of another agency; (b) the activities are already conducted by Commerce; or (c) the activities will not require additional resources.

Section 9

Section 9 would require Commerce to conduct one-time, unannounced, on-site, in-person site visits for grants between \$50,000 and \$250,000, and annual unannounced, on-site, and in-person site visits for grants over \$250,000. Because exceptions by Admin would be discretionary and not guaranteed, Commerce assumes no exceptions apply to these requirements.

Commerce estimates it will have 428 grants when the requirements begin. Of those awards, 255 are between \$50,000 and \$250,000, and 112 are more than \$250,000.

Site visit expenses requiring an overnight stay: \$58 rental car/day (2 days) + gas (\$50/day) + \$193 expenses (per diem \$43, hotel \$150) = \$359 per grant.

Cost will vary based upon the number of grants; assuming half of the grants require site visits with an overnight stay, approximately 128 additional grants between \$50,000 and \$250,000 require overnight stays. At \$359 per overnight visit, it would cost \$45,952 for overnight travel expenses. Commerce anticipates an additional 127 grants would require local site visits, including travel costs for a rental car and gas of \$108 per visit. It would cost approximately \$13,716 for local travel costs for grants between \$50,000 and \$250,000.

Approximately 56 grants over \$250,000 would require overnight visits. At \$359 per overnight visit, it would cost approximately \$20,104 for overnight travel expenses per year. Approximately 56 grants over \$250,000 would require local site visits, including travel costs of \$108 per visit. It would cost approximately \$6,048 for local travel costs per year for grants over \$250,000.

For local travel, staff time is about 3 hours (meeting time plus travel time), which would amount to 0.2 FTE for a State Program Administrator Principal for approximately 127 grants between \$50,000 and \$250,000, and 0.1 FTE for approximately 56 grants over \$250,000.

For outstate travel, staff time is about 8 hours (6 hours travel, 2 hours meeting), which would amount to 0.5 FTE for a State Program Administrator Principal for approximately 128 grants between \$50,000 and \$250,000, and 0.2 FTE for approximately 56 grants over \$250,000.

Expenditure and/or Revenue Formula

One-time, unannounced, on-site, in-person visits (for grants \$50,000 to \$250,000):

Commerce personnel costs:

0.7 FTE for State Program Administrator Principal (14L) = \$158,882 per FTE X 0.7 FTE = \$111,217

Travel costs: \$59,668 total travel costs for overnight and local site visits

Total one-time costs: \$170,885

Annual, unannounced, on-site, in-person visits (for grants over \$250,000):

Commerce personnel costs:

0.3 FTE for State Program Administrator Principal (14L) at \$158,882 per year X 0.3 FTE = \$47,665 per year

Travel costs: \$26,152 total travel costs for overnight and local site visits

FY27 total costs: \$73,817 annual cost prorated for ~ 5 months of FY27 activity: \$30,757

Total annual costs after FY27: \$73,817 per year

Salary only (travel costs outlined above):

			FY26	FY27	FY28	FY29
Salary			0	82,271	29,917	29,917
Fringe			0	24,681	8,975	8,975
Other Personnel Related Costs			0	24,125	8,773	8,773
			0	131,078	47,665	47,665

Commerce anticipates the additional administrative costs of the above compliance measures would be borne by the Division of Energy Resources operating budget, which would be fully assessed with offsetting revenue. Commerce anticipates the bill would be general fund neutral.

Long-Term Fiscal Considerations

The resource requirements would be ongoing for grants over \$250,000 and as new grants between \$50,000 and \$250,000 are executed.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

Phone: 651-539-1517

Date: 4/6/2026 1:36:10 PM

Email: amy.trumper@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Corrections Dept**

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
Total	-	-	-	-	-	-
Biennial Total				-		-

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: Jim Carlson **Date:** 3/27/2026 3:50:01 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

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			-		-

Bill Description

The bill implements several recommendations from the Office of the Legislative Auditor (OLA) to strengthen state agency oversight practices related to OLA audits, grant management, inventory management, investigations, training, and debt collection.

Assumptions

The department projects no fiscal impact on its operations as a result of this legislation.

The department notes that it is already compliant with many of the training requirements included in this legislation. While the department sees no anticipated fiscal impact from these training requirements, it notes that additional compliance work for existing staff may be necessary. The department anticipates that this additional work can be completed with existing staff.

While currently the department does not project a fiscal impact for its Grants unit, it cannot anticipate with certainty at this time whether implementation costs or compliance costs may arise in the future. For example, the department notes that future costs may be incurred if any required trainings must be conducted offsite, necessitating staff time and travel.

The department’s Grants unit notes that it already conducts one annual, in-person site visit for all grants within its purview that are over \$50,000.

The department notes that its Grants and MNIT teams are in the middle of implementing new software. It believes the new software will be able to handle the new reporting requirements of the proposed bill. However, the software is not fully implemented yet, and therefore the Grants and MNIT teams cannot, with any certainty, anticipate that there will not be additional technology costs in the future to comply with this legislation’s requirements.

The Minnesota Sentencing Guidelines Commission (MSGC) sees no fiscal impact to state correctional resources as a result of this legislation.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

Unknown

References/Sources

Department of Corrections staff

Agency Contact:

Agency Fiscal Note Coordinator Signature: Mark Besonen

Phone: 651-361-7200

Date: 3/27/2026 1:41:23 PM

Email: mark.besonen@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Education Department**

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
General Fund	-	-	196	197	197	197
Total	-	-	196	197	197	197
Biennial Total			196			394

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1.06	1.06	1.06
Total	-	-	1.06	1.06	1.06

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: Alyssa Holterman Rosas **Date:** 3/24/2026 11:07:15 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
General Fund	-	-	196	197	197	197
Total		-	-	196	197	197
Biennial Total				196		394
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	196	197	197	197
Total		-	-	196	197	197
Biennial Total				196		394
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill implements recommendations from the Office of the Legislative Auditor related to grant oversight, financial reconciliation, training, and debt collection practices. Sections 9, 10, and 13 pertain to MDE and will be the focus of this fiscal note.

Section 9 amends Minnesota Statutes, section 16B.98, subdivision 6, to require granting agencies to conduct unannounced, on-site, in-person monitoring visits for all grants over \$50,000 and annual unannounced, in-person visits for all grants over \$250,000.

Makes the section effective January 15, 2027.

Section 10 amends section 16B.98, subdivision 6a, to require that all staff engaged in grant management and financial reconciliation complete initial and annual training. It also requires agencies to report annual training completion to the commissioner and directs the commissioner to enforce compliance.

Makes the section effective January 15, 2027.

Section 13 amends section 16D.09, subdivision 1, to expand reporting requirements for debts determined to be uncollectible, including new legislative notification requirements for uncollectible debts of \$100,000 or more.

Assumptions

Section 9 of this bill does not increase the number of monitoring visits conducted by the Minnesota Department of Education (MDE), but it requires that visits be unannounced and conducted in person. Currently, monitoring visits are typically conducted on site but scheduled in advance with the grantee, and some monitoring activities are completed through phone calls or written reports. Requiring visits to be unannounced would likely increase costs because staff may need to make multiple trips if key personnel are unavailable or records are not accessible at the time of the visit. In-person monitoring visits currently take about 1220 hours, including preparation, travel, on-site work, documentation, and follow-up. This fiscal note assumes the current midpoint of 16 hours per visit and estimates that the unannounced requirement would increase that time to approximately 20 hours per visit. Although the effective date is January 15, 2027, it is assumed that MDE will still need to complete the full-year requirements by June 30, 2027.

Section 10 assumes that the Department of Administration will develop and provide financial reconciliation training to state agencies at no cost. Therefore, no additional costs are anticipated for MDE.

Section 13 primarily affects reporting requirements for debts determined to be uncollectible. These changes represent a procedural adjustment rather than a new operational activity, and the agency expects the responsibilities to be manageable within existing staffing levels.

Expenditure and/or Revenue Formula

Proposed Grants Monitoring	Number of Grants	Annual Monitoring Required	Total Annual Monitoring Visits Required	Average Hours Needed	Total Hours
Grants Under \$50,000	234		-	-	-
Grants between \$50,000 and \$250,000	367	0.50	183.50	20.0	3,670.0
Grants over \$250,000	371	1.00	371.00	20.0	7,420.0
Total	972		554.50		11,090.0
Current Grants Monitoring	Number of Grants	Annual Monitoring Required	Total Annual Monitoring Visits Required	Average Hours Needed	Total Hours
Grants Under \$50,000	234	-	-	-	-
Grants between \$50,000 and \$250,000	367	0.50	183.50	16.0	2,936.0
Grants over \$250,000	371	1.00	371.00	16.0	5,936.0
Total	972		554.50		8,872.0
Difference in Annual Hours			-		2,218.0
Additional Education Consultant 3 FTE Needed					1.06

SF3900 1E	FY27	FY28	FY29
1.06 Education Consultant 3	196,230	196,463	196,706

Long-Term Fiscal Considerations

The 1.06 FTE increase for unannounced monitoring visits under Section 9 is ongoing. Section 10's training and reporting requirements will also create ongoing administrative responsibilities, including maintaining training programs and tracking staff compliance with annual training.

Local Fiscal Impact

None

References/Sources

Agency Contact: Tim Larson (651) 582-8380

Agency Fiscal Note Coordinator Signature: Betsy Hjelseth
Phone: 651-582-8242

Date: 3/24/2026 10:47:05 AM
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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Emergency Medical Services Office**

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
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.01	-	-
Total	-	-	.01	-	-

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: Zac Reeves **Date:** 3/20/2026 12:21:59 PM
Phone: 651-284-6437 **Email:** zac.reeves@lbo.mn.gov

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	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	1	1	1	1
Absorbed Costs	-	-	(1)	(1)	(1)	(1)
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill requires the completion of different types of training for individuals holding grant monitoring responsibilities under Minnesota Statute Chapter 16. Additionally, there is training required for agency employees responsible for inventory of state property.

Furthermore, the bill requires unannounced and in-person site visits for grants that are over \$50,000.00 and annual unannounced in person site visits for grants that are over \$250,000.

Assumptions

This note assumes that OEMS will continue its existing grants monitoring program where grants over \$50,000.00 are already subject to an in-person site visit and a financial reconciliation at least once during the grant period. Additionally, grants over \$250,000 annual in person site visits are already conducted. As a result, there are no increases to monitoring responsibilities to OEMSs existing grants portfolio.

OEMS reviewed nontraditional payments, which are administered by one of our grants specialist coordinators (Education reimbursement payments, Rural Uncompensated Care Pool), not subject to the current definition of grants monitoring, but would be based on the provision in 16A.38 (a). Based on financial and allocation projections there would be no additional cost as there would be no projected payments greater than \$50,000.00 based on historical data.

The hourly rate for this work performed by a grants specialist coordinator was calculated at \$50.12 per hour (\$38.55 hourly rate of a grant specialist coordinator + 30% fringe \$11.56 = \$50.12. OEMS has two positions currently in this classification that would be subject to required training. These individuals are not responsible for inventory management responsibilities and as a result are not required to undergo the inventory training associated with this bill.

The hourly rate for supervising reconciliation work and balances owed to that state, in addition to the full responsibility for inventory management, by a state program admin manager was calculated at \$75.66 (hourly rate \$58.20 + 30% fringe \$17.46 = \$75.66)

Based on historical training provided by the Department of Administration OEMS assumes 2 hours of training per needed employee per topic, per year based on the annual requirement in the bill. In consulting with the Office of Grants Management there are no anticipated fees associated with registering for training related to financial reconciliations.

Because of the January 15, 2027 effective date for training requirements, OEMS assumes required trainings will take place in the second half of FY27.

OEMS can absorb the projected training costs based on these assumptions as these activities are integrated with these employees' daily operational responsibilities.

The bill also creates additional requirements for credible allegations of fraud and for efforts taken to collect debts that became uncollectible. OEMS has identified that any such cost with these reporting requirements would be negligible.

Expenditure and/or Revenue Formula

Required Inventory Training One employee (State Program Admin Manager)

SFY 2027- 2 hours x \$75.66 = \$151.32

SFY 2028- 2 hours x \$75.66 = \$151.32

SFY 2029- 2 hours x \$75.66 = \$151.32

Required Financial Reconciliation Training 3 employees 2 Grants Specialist Coordinators and 1 State Program Admin Manager

SFY 2027- Grants Specialist Coordinator 4 hours X \$50.12 = \$200.48

State Program Admin Manager 2 hours x \$75.66 = 151.32

SFY 2028- Grants Specialist Coordinator 4 hours X \$50.12 = \$200.48

State Program Admin Manager 2 hours x \$75.66 = 151.32

SFY 2029- Grants Specialist Coordinator 4 hours X \$50.12 = \$200.48

State Program Admin Manager 2 hours x \$75.66 = 151.32

Required Oversight of Balance Training 3 employees 2 Grants Specialist Coordinators and 1 State Program Admin Manager

SFY 2027- Grants Specialist Coordinator 4 hours X \$50.12 = \$200.48

State Program Admin Manager 2 hours x \$75.66 = 151.32

No costs for this training are anticipated in SFY 2028 or SFY 2029 as this training requirement did not have an annual requirement noted.

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

Office of Grants Management Current Available Trainings-- <https://mn.gov/admin/government/grants/training/>

Agency Contact: Dylan Ferguson (651-201-2806)

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Employment and Economic Dvlpmt**

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
General Fund	-	-	1,096	2,191	2,191	
Total	-	-	1,096	2,191	2,191	
Biennial Total			1,096		4,382	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	7	14	14
Total	-	-	7	14	14

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: Christian Larson **Date:** 4/13/2026 5:04:29 PM
Phone: 651-284-6436 **Email:** christian.larson@lbo.mn.gov

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	
General Fund	-	-	1,096	2,191	2,191	
Total	-	-	1,096	2,191	2,191	
Biennial Total			1,096			4,382
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	1,096	2,191	2,191	
Total	-	-	1,096	2,191	2,191	
Biennial Total			1,096			4,382
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

This bill implements recommendations from the Office of the Legislative Auditor related to grant oversight, financial reconciliation, training, and debt collection practices. Sections 9, 10, and 13 pertain to DEED and will be the focus of this fiscal note.

Section 9 amends Minnesota Statutes, section 16B.98, subdivision 6, to require granting agencies to conduct unannounced, on-site, in-person monitoring visits for all grants over \$50,000 and annual unannounced, in-person visits for all grants over \$250,000.

Section 10 amends section 16B.98, subdivision 6a, to require that all staff engaged in grant management and financial reconciliation complete initial and annual training. It also requires agencies to report annual training completion to the commissioner and directs the commissioner to enforce compliance.

Assumptions

These calculations assume that the number and amount of the grants administered by DEED will remain consistent. Any changes to funding or additional training requirements could affect the estimation. As of FY26, DEED administered 2,767 grants.

Total number of active grants in SFY2026: 2,767

1,452.47 = Total number of site visits each year, based on SFY26 grant levels

Review Time Per Site Visit: 20 hours

Employment and Training Programs (ETP) report that they have primarily been performing virtual reviews since 2020 to better manage the greatly increased demands on their time with their current staffing levels. They have found virtual

reviews to be beneficial and do not wish to pivot this practice completely into in-person site visits. Instead, site visits should be viewed on top of current work. Other departments within DEED may have less complicated requirements; we are focusing the estimation on ETP and Small Business grants because they are particularly complicated.

Travel, training costs, and grant management software modification costs are included in the Expenditure Formula table below.

Expenditure and/or Revenue Formula

Workforce Dev Spec 3 Salary Projections	FY26	FY27	FY28	FY29	FY30
FTE	0.00	7.000	14.000	14.000	14.000
Salary & Benefits	\$0	\$892	\$1,784	\$1,784	\$1,784
Indirect Costs	\$0	\$153	\$306	\$306	\$306
MNIT - Computer & Phone	\$0	\$15	\$30	\$30	\$30
Space Rent, Travel, Supplies, Training	\$0	\$36	\$71	\$71	\$71
Total Cost (in \$000's)	\$0	\$1,096	\$2,191	\$2,191	\$2,191
This salary estimate is based on the mid-point of a MAPE 14L Workforce Dev Spec 3					

Long-Term Fiscal Considerations

These 14 new FTEs would be on-going and subject to negotiated MAPE contract agreements.

Any changes to the number of grants, the level of funding, or any additional requirements will affect the number of FTEs required.

Local Fiscal Impact

References/Sources

Number of grants for SFY26 provided by Data Warehouse

Estimate of staff time for review provided by Employment and Training Program (ETP) monitoring office.

Workforce Development Specialist 3 Midpoint Salary for SFY26 is \$85,159

The first year would begin January 15, 2027 which is half way through the fiscal year

Agency Contact:

Agency Fiscal Note Coordinator Signature: Lynn Wilson-Walz

Date: 4/13/2026 3:26:41 PM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Explore Minnesota**

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
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
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: Jordan Peoples **Date:** 3/23/2026 11:23:18 AM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures		-	-	5	5	5
Absorbed Costs		-	-	(5)	(5)	(5)
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
General Fund						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill amends Minnesota Statutes sections 16B.97 and 16B.98 to strengthen oversight and accountability in the administration of state grants. The legislation establishes new requirements for in-person monitoring visits, documentation of noncompliance, fraud reporting, and training for state agency staff responsible for grant management and financial reconciliation.

16A.38 Sec 3a. Payment Oversight: this section applies to statute and session law language that routes money through a state agency to a specific nongovernmental entity and isn't explicitly called a grant or contract and isn't governed by other statutory provisions or rules. This section ensures that transactions that have the structure of a grant or contract, but aren't explicitly described that way, follow existing laws governing Grants 16B.97 to 16B.991 or State Contracts 16C.001 to 16C.36.

16B.98 Subd 4a. requires state agencies to report grant recipients suspected of fraud to the commissioner. The commissioner must keep a running list of those under investigation until the investigation is complete or closed. Information about these investigations is handled according to a specific government data-privacy law (Section 13.39).

16B.98 Subd 06 requires state agencies that award grants to conduct in-person monitoring visits based on the size of the grant award:

- For grants between \$50,000 and \$250,000, agencies must conduct at least one in-person monitoring visit during the grant period.
- For grants greater than \$250,000, agencies must conduct at least one in-person monitoring visit annually while the grant is active.
- Commissioner may approve exceptions to this requirement if the granting agency provides sufficient justification.

16B.98 Subd 6 establishes training requirements for state employees responsible for grant financial reconciliation:

- Staff must complete initial grants management training before assuming grant management duties.
- Staff must also complete annual continuing training thereafter.

Additionally, each state agency must report annually to the commissioner the number of employees who completed training in grants management and final grant reconciliation.

16B.98 Subd 6a requires state agency staff who perform financial reconciliations would be required to complete an initial

training module and follow up training on an annual basis

Assumptions

The cost of onsite grant monitoring visits would be negligible given the small number of eligible grant awards.

- \$50,000 to \$250,000 grants: One annual in-person monitoring visit (1 grant)
- Grants over \$250,000: One biannual in-person monitoring visit (1 grant)

Explore Minnesota anticipates annual costs of up to \$5,000. These expenses may include hotel accommodations, meals, and travel related to required monitoring visits, as well as annual grant administration training. Based on award volume, the agency will cover all costs associated with on-site (in-person) grant monitoring visits, required grant management training, and grant management activities.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Lauren Bennett McGinty

Date: 3/23/2026 8:36:01 AM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Health Dept**

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
General Fund	-	-	741	972	972	
Total	-	-	741	972	972	
Biennial Total			741			1,944

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	2.89	2.89	2.89
Total	-	-	2.89	2.89	2.89

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: Zac Reeves **Date:** 4/8/2026 12:12:24 PM
Phone: 651-284-6437 **Email:** zac.reeves@lbo.mn.gov

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
General Fund	-	-	741	972	972	972
Total		-	-	741	972	972
Biennial Total				741		1,944
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	741	972	972	972
Total		-	-	741	972	972
Biennial Total				741		1,944
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The following sections of the bill impact the Minnesota Department of Health (MDH): Section 3 adds new language to Minnesota Statutes, section 16A.38, regarding payment oversight. Section 4 requires state agency employees to complete inventory training of state real or personal property. Section 7 modifies conflict of interest policy requirements. Section 8 adds new language to Minnesota Statutes, section 16B.98 regarding the reporting of investigations. Section 9 modifies grant recipient site visits requirements - requiring state agencies to conduct an unannounced on-site/in-person site visit for any grant over \$50,000; and an annual unannounced on-site/in-person site visit for any grant over \$250,000. Section 10 modifies grant management training requirements to require any state agency staff who conduct financial reconciliation to complete initial and ongoing annual training. Section 11 adds hiring limitations prohibiting grantees from hiring an individual who was a state employee involved in awarding or managing the grant for a period of 12 months.

The bill is effective January 15, 2027; except for section 13 which is effective July 1, 2026.

Assumptions

Grants Conflict of Interest and Training

In order to ensure compliance with the conflict of interest policy requirements in section 7 of the bill, MDH would update various forms, policies, standards, procedures, and language in various grant related documents (Request for Proposal, grant agreement, etc.). This is part of MDH’s ongoing work, and there is no additional or new cost to MDH to complete this work.

Section 10 modifies grant management training requirements to require any state agency staff who conduct financial reconciliation to complete initial and annual trainings. MDH currently tracks staff who have grant management responsibilities as part of their daily work, and ensures those employees complete the required Minnesota Department of Administration’s (Admin) Office of Grants Management (OGM) grant management training. MDH would replicate this process to ensure staff working on financial reconciliations complete the required initial and ongoing financial reconciliation training developed and issued by Admin. There is no additional or new cost to MDH to complete this work.

In order to ensure compliance with the hiring limitation requirement in section 11, MDH would update various forms, policies, standards, procedures, and language in various grant-related documents (Request for Proposal, grant agreement, etc.) These updates can be accomplished as part of MDH’s ongoing grants management activities, and there is no additional or new cost to MDH to complete this work.

Site Visit FTEs

Grants from \$50,000 - \$250,000

MDH is currently required to do one virtual or in-person site visit, over the lifetime of a grant, for grants from \$50,000 to \$250,000 (OGM Policy 08-10). This bill removes the option to do virtual visits and requires them to be in-person. Generally, MDH conducts these visits virtually. Therefore, the in-person requirement impacts MDH's costs for these grants. MDH has 544 grants in this dollar category, and on average, they are four years in length. This results in an average of 136 site visits annually ($544/4 = 136$). In person site visits involve more time as grant managers are meeting more grantee staff in person such as the accounting staff or executive leadership that they would not normally meet during a virtual visit, having more discussions with those additional staff, touring the facilities, observing actual interactions with grantee participants, reconciling any incentives that are on hand, and confirming that any equipment that was purchased with grants funds is actually on site and being used, and even documenting its use and serial numbers for the grant files. Based on actual grant manager experience, in-person site visits average 3 hours, versus the virtual visits that are typically one hour long.

We assume half of these ($136/2 = 68$) are in the metro area and require an additional one hour of travel round trip per site visit. The travel time and additional two hours of time for in-person visits versus online, totals 3 hours of additional time staff ($68 \times 3 = 204$)/2,080 = 0.10) for in-person site visits. We assume the other half are in Greater Minnesota and require an additional 6 hours round trip for travel. This, plus the extra 2 hours for an in-person site visit totals 8 hour per site visit. 8 hours x 68 Greater MN visits = 544 hours per year which results in 0.26 FTEs ($544/2,080 = 0.26$). Total FTEs for grants from \$50,000 to \$250,000 is 0.36 ($0.10 + 0.26 = 0.36$).

Grants Over \$250,000

OGM Policy 08-10 requires state agencies to conduct virtual or in-person annual monitoring visits on grants of \$250,000 or more. This bill removes the option to do virtual visits and requires them to be in-person. Generally, MDH conducts these visits virtually. Therefore, the in-person requirement impacts MDH's costs for these grants. There are 956 grants over \$250,000 that would require annual in-person site visits.

We assume half of these ($956/2 = 478$) are in the metro area and require an additional one hour of FTE time for travel per site visit plus the extra two hours for an in-person visit for a total of 3 hours x 478 = 1,434 /2080=0.69 FTEs. We assume the other half are in Greater Minnesota and require an additional 6 hours of FTE time for round trip travel per site visit. We assume travel time based on MDH experience with site visits where site visits that occur in Greater Minnesota are often not along interstate highways and take half to whole days to reach. The six hours of travel time, plus the additional 2 hours for an in-person site visit totally 8 hours per visit. ($8 \times 478 = 3,824/2080 = 1.84$ FTEs). Total FTE's for grants over \$250,000 is 2.53 ($0.69 + 1.84 = 2.53$).

Totals

MDH requires a total of 2.89 FTEs (0.36 FTEs for grants between \$50,000 and \$250,000 and 2.53 FTEs for grants over \$250,000) in order to implement the in-person site visit requirements.

Fiscal Year 2027 Implementation

MDH assumes a need for the full year funding for FTE's in order to be able to create position descriptions, post new positions, interview candidates, conduct background checks, and officially bring on and onboard any new staff to start this work prior to the January 2027 effective date.

Lodging, Meals, Mileage, Parking

MDH issues grants to grantees across the entire state, in all 87 counties. Our calculations below are based on the assumption that half of the grants subject to the requirements of this bill are located in Greater Minnesota, and the other half are located within the 7-county metro area. The total number of in-person site visits in Minnesota in one year is 1,092 (956 annual site visits for grants over \$250,000 + 136 for grants between \$50,000 and \$250,000 site visits).

Therefore, 546 site visits will occur in Metro areas and 546 site visits will occur in Greater Minnesota annually. Because the site visit requirements are effective January 15, 2027, halfway through the fiscal year, half the number of visits are expected in fiscal year 2027.

Lodging

MDH does not have average lodging costs readily available. MDH's estimate is based on current internet searches for various hotels in Minnesota, calculating the average, based on room rate and taxes. We assume lodging is only needed for site visits in Greater Minnesota. We assume two nights of lodging is required for each Greater Minnesota site visit. MDH's annual estimate is \$200/night x 2 nights = \$400. 546 visits * \$400 = \$218,400. We assume metro area visits do not require lodging.

Meals

Meals are estimated based on labor union contract travel reimbursement rates: breakfast (\$11), lunch (\$13), and dinner (\$17). Because site visits to Greater Minnesota require overnight lodging staff will also require three meals per day (breakfast, lunch, and dinner). We assume visits in the Metro area will require one meal per visit (lunch).

Rural: \$41/day x 2 days = \$82. MDH's annual estimate is \$82 * 546 visits = \$44,772.

Metro: \$13/day x 1 day = \$13. MDH's annual estimate is \$13 * 546 visits = \$7,098.

Total: \$44,772 + \$7,098 = \$51,870.

Mileage and Parking

The per mile and parking rates are based on the union contracts. Following are annual estimates.

Greater Minnesota: MDH does not have the average mileage for greater Minnesota site visits readily available. That said, grants take place all over the state, including some of the very far away tribal reservations and counties. For example, Red Lake Reservation is 260 miles away from St. Paul (520 miles round trip), and the County of Roseau is 360 miles away from St. Paul (720 miles round trip). Also, because MDH has many grants with each of the 11 federally recognized Tribal Nations, staff will be making multiple site visits to these Greater Minnesota locations each year. Therefore, for purposes of estimating the fiscal note, MDH estimates an average of 400 miles per round-trip. This estimate considers travel to locations both far away and closer locations that are just outside of the 7-county metro area. 400 miles x \$.725/mile = \$290 per visit. \$290* 546 visits = \$158,340. We assume paid parking is not needed in Greater Minnesota.

Metro Area: MDH does not have the average mileage for 7-county metro area readily available. For purposes of estimating the fiscal note, we estimate 60 miles per round-trip. Mileage: 60 miles x \$.725/mile = \$43.50 per visit. \$43.50 per visit * 546 visits = \$23,751. We assume paid parking will be required in the 7-county metro area. Parking: \$20 per day * 546 visits = \$10,920.

Lodging, Meals, Mileage, and Parking Annual Summary

Lodging	218,400
Rural Meals	44,772
Metro Meals	7,098
Rural Mileage	158,340
Metro Mileage	23,751
Parking	10,920
	463,281

Inventory Training

MDH assumes Admin will develop the inventory training. We assume it will be one hour in length. Therefore, there's a de minimus fiscal impact to MDH. The trainings will be at no cost to agencies and would be consistent with the work already done by applicable employees.

Expenditure and/or Revenue Formula

Grant Administration					
Expenditure (Actual Dollars)	Amount	FY 2026	FY 2027	FY 2028	FY 2029
Full-time Equivalent (FTE) Staff		FTE	FTE	FTE	FTE
Grant Specialist, Sr.	176,111		2.89	2.89	2.89

	FTE	0.00	2.89	2.89	2.89
	Subtotal	0	508,961	508,961	508,961
Information Technology:					
	Subtotal	0	0	0	0
Other Operating Costs:					
Lodging			109,200	218,400	218,400
Rural Meals			22,386	44,772	44,772
Metro Meals			3,549	7,098	7,098
Rural Mileage			79,170	158,340	158,340
Metro Mileage			11,876	23,751	23,751
Parking			5,460	10,920	10,920
	Subtotal	0	231,641	463,281	463,281
Total Expenditures	Total	0	740,601	972,242	972,242
Grants, Aids, and Subsidies:	Number of Grants				
	Grants	0	0	0	0
Total Expenditures	Total	0	740,601	972,242	972,242
Fiscal Tracking (Dollars in Thousands)		FY 2026	FY 2027	FY 2028	FY 2029
1000 - General Fund (GF)					
Health Operations BACT 04		0	741	972	972
Grants		0	0	0	0
Grant Administration		0	741	972	972

Long-Term Fiscal Considerations

Local Fiscal Impact

Local governments with whom MDH has grants may be impacted by increased staff time related to the site visits. This may take them away from doing the local public health work required in the many grant agreements MDH has with them.

References/Sources

Minnesota Department of Administration's Grant Monitoring policy (08-10): https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf

Agency Contact:

Agency Fiscal Note Coordinator Signature: Brendan Wright

Phone: 651-443-1415

Date: 4/7/2026 6:56:36 AM

Email: brendan.wright@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Historical Society**

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
General Fund	-	-	27	27	27	27
Total	-	-	27	27	27	27
Biennial Total			27			54

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.25	.25	.25
Total	-	-	.25	.25	.25

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: Adam Bolling **Date:** 3/31/2026 3:58:51 PM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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	
General Fund	-	-	27	27	27	
Total	-	-	27	27	27	
Biennial Total			27			54
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	27	27	27	
Total	-	-	27	27	27	
Biennial Total			27			54
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

Senate File 3900, First Engrossment makes several changes to Minnesota’s grants management and administration statutes:

Sections 1 and 2 outline responsibilities of the Department of Administration and the Office of the Legislative Auditor. Section 3 states that various types of payments by agencies to nongovernmental entities are subject to oversight by the state agency. Section 4 requires training on inventory management. Sections 5, 6 and 7 amend responsibilities of the Commissioner of Administration. Section 8 requires granting agencies to report to the Commissioner of Administration investigations of grantees. Section 9 adds additional responsibilities to granting agencies including: Sections 10 and 12 requires training for staff managing grants. Section 11 adds requirements of grantee hiring practices relating to state employees who were involved in managing or awarding the grant. Section 13 amends statutory provisions relating to uncollectible debt.

Assumptions

The Minnesota Historical Society administers several grant programs for history programming and historic preservation purposes from various state funding sources, including Legacy Amendment / Arts and Cultural Heritage Fund, as well as state general obligation bond funds.

This fiscal note will focus on training and site visit requirements in Section 9.

In the most recent fiscal year, FY25, the Minnesota Historical Society has administered approximately 185 grants (for all dollar amounts). Grants administered by the MNHS are approximately 48% metro area and 52% greater Minnesota. This estimate is based on the most recent fiscal year; exact grant numbers and locations will vary in the future depending on funding available, and specific grant requests submitted. It is assumed that any expenditures would start in Fiscal Year 2027.

Expenditure and/or Revenue Formula

SF3900-1E requires a site visit for grants over \$50,000. For FY25, MNHS administered 30 grants between \$50,000 and \$250,000, and 5 grants over \$250,000. For this estimate, there would be approx. 18 site visits in non-metro areas and 17 in the metro area.

As part of current grant requirements, we have completed site visits or presentations as standard practice for many years. Grant visits currently can be in-person or virtual depending on the specific project. Approximately 75% of site visits

currently are in-person, which would mean 25% of grants would require an additional or new in-person site visit. SF3900-1E requires all site visits to be in person, specifically, those grants between \$50,000 and \$250,000 are required to be one-time unannounced visits and those grants over \$250,000 would be unannounced annual visits. Since 75% of grants between \$50,000 and \$250,000 currently receive an in-person site visit, there would be an additional 25% or approximately 8 additional site visits. Of these approximately half would be metro and half non-metro or 4 site visits in each region.

For site visits, costs would include mileage, lodging and meals as follows:

Mileage	1,437	metro and non-metro
Lodging	1,598	non-metro only
Meals	445	non-metro
total	3,472	

For staffing costs of site visits, financial reconciliation and reporting activities, we estimate an additional .25 FTE each year for grants administrator salary and benefits = \$24,000 /year

staffing costs	24,000
site visit costs	3,472
total	27,742

Long-Term Fiscal Considerations

The costs of site visits and staffing would be ongoing.

Local Fiscal Impact

N/A

References/Sources

Agency Contact: David Kelliher (651-259-3103)

Agency Fiscal Note Coordinator Signature: David Kelliher

Phone: 651-259-3103

Date: 3/31/2026 2:14:43 PM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Housing Finance Agency**

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
General Fund	-	-	958	958	958	958
Total	-	-	958	958	958	958
Biennial Total			958			1,916

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	5.5	5.5	5.5
Total	-	-	5.5	5.5	5.5

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: Jordan Peoples **Date:** 4/9/2026 3:07:49 PM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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
General Fund	-	-	958	958	958	958
Total		-	-	958	958	958
Biennial Total				958		1,916
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	958	958	958	958
Total		-	-	958	958	958
Biennial Total				958		1,916
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill amends several statutory provisions regarding agency grant, inventory, and debt collection practices.

Section 1 amends Minn. Stat. 2024, sec. 3.978, subd. 3 by adding paragraph (c), which provides that materials and information provided to the legislative auditor by public officials or public employees are documents subject to section 609.43 (misconduct of public officer or employee) and that public officials or employees who knowingly submit documents to the legislative auditor that violate section 609.43 may be subject to dismissal.

Section 2 amends Minn. Stat. 2025 Supp., sec. 16A.057, subd. 5 by adding two new paragraphs: - Changes former paragraph (b) to paragraph (c) - Adds a new paragraph (b) that requires the commissioner of Minnesota Management and Budget (MMB) to regularly provide guidance to all executive agencies on how to implement Office of the Legislative Auditor (OLA) recommendations related to internal controls. - Adds a new paragraph (d) that requires MMB to provide technical assistance to agencies that have not implemented recommendations from the OLA as detailed in the annual report in section 3.971, subd. 10, paragraph (a) (annual OLA report on agency implementation of audit recommendations).

Section 3 adds a new section in statute, 16A.38 (Payment Oversight): - Paragraph (a) provides that an appropriation, allocation, payment, or other transfer of money from the state to an entity that is not a state agency or political subdivision is subject to grants management requirements and oversight under sections 16B.97 to 16B.991 or 16C.001 to 16C.36. - Paragraph (b) provides that this section does not apply to general obligation grants as defined in section 16A.6965, capital project grants to political subdivisions as defined in section 16A.86, or capital project grants otherwise subject to section 16A.642.

Paragraph (c) clarifies this section is not applicable to Revenue payments under Ch. 290C.

Section 4 adds subd. 4a to Minn. Stat. 2024, sec. 16B.24: Subd. 4a requires all state agency employees responsible for maintaining an inventory of state real property or state personal property must annually complete training provided by the commissioner of the Department of Administration (Admin). The training must include but is not limited to accountability and oversight requirements for different types of assets and property, how to ensure adequate segregation of duties, and identification of inventory-related risks.

Section 5 amends Minn. Stat. 2024, sec. 16B.97, subd. 3 by deleting the language in paragraphs (1) and (7) under Admin's discretionary powers.

Section 6 amends Minn. Stat. 2024, sec. 16B.97, subd. 4 by adding three paragraphs to Admin's duties: - Paragraph (11) requires Admin to ensure all executive agencies comply with the training requirements under section 16B.98, subd. 6a. - Paragraph (12) requires Admin to review executive agency grants management practices and establish and enforce policy or procedure improvements as needed. - Paragraph (13) requires Admin to establish offices for the purpose of carrying out grants governance, oversight, and management.

Section 7 amends Minn. Stat. 2024, sec. 16B.98, subd. 3 by adjusting conflict of interest language to be less permissive.

Section 8 adds subd. 4a to Minn. Stat. 2024, sec. 16B.98: Subd. 4a requires the head of a granting agency to report to the commissioner of Admin any grantee being investigated due to a credible allegation of fraud. It also provides that the commissioner of Admin must maintain a list of grantees reported under this subdivision, and that the grantee must not be removed from the list until an investigation is complete or closed. Lastly, subd. 4a provides that data created or shared under this requirement are classified under section 13.39 (civil investigative data).

Section 9 amends Minn. Stat. 2024, sec. 16B.98, subd. 6 by adding paragraph (b): Paragraph (b) requires a granting agency to conduct an unannounced, on-site, and in-person monitoring visit for any grant over \$50,000, and annual unannounced, on-site, and in-person monitoring visits for grants over \$250,000. Admin may approve exceptions to this requirement if the granting agency sufficiently justifies why unannounced, on-site, and in-person monitoring visits are not suitable for a specific grant program.

Section 10 amends Minn. Stat. 2025 Supp., sec. 16B.98, subd. 6a by adding grants management requirements: - Paragraph (b) requires state agency staff assigned to conduct financial reconciliation of grants to complete initial training on conducting financial reconciliations before assuming grant management responsibilities and to complete continuing financial reconciliation training on an annual basis. - Paragraph (c) requires state agencies to report annually to the commissioner of Admin the number of staff members who have received grants management training and training on conducting financial reconciliation of grants. - Paragraph (d) requires the commissioner of Admin to ensure all state agencies comply with the training requirements in this section.

Section 11 adds subd. 15 to Minn. Stat. 2024, sec. 16B.98: Subd. 15 prohibits a grantee from hiring an individual who was a state employee involved in awarding or managing the grant for a period of 12 months after the granting agency awards the grant. If a grantee violates this subdivision, the granting agency must immediately terminate the grant, the grantee must repay to the state all money received under the grant, and the commissioner of Admin must debar the grantee for 24 months beginning on the first day of the individual's employment with the grantee.

Section 12 adds subd. 4 to Minn. Stat. 2024, sec. 16D.03: Subd. 4 requires state agency employees who oversee balances owed to the state to complete training developed by the commissioner of the Department of Revenue to quantify such balances and determine options for collection. As part of this training, Revenue must establish guidance for state agency staff to follow when collecting balances owed to the state.

Section 13 amends Minn. Stat. 2025 Supp., sec. 16D.09, subd. 1 by adding collection efforts to reporting activities regarding uncollectable debts: - Paragraph (b) requires a state agency to add collection efforts taken to its quarterly reports to the commissioner of management and budget regarding uncollectable debts. If no collection efforts were made for a particular debt, the state agency must report its rationale. - For an uncollectible debt equaling or exceeding \$100,000, paragraph (c) requires a state agency to add collection efforts made or the reason no collection efforts were made to its notification to the chairs and ranking minority members of the legislative committees with jurisdiction over the state agency's budget at the time the debt is determined to be uncollectible.

Assumptions

We assume sections 1-8 and 10-13 will have no fiscal impact for the agency because the provisions are: (a) under the purview of another agency; (b) the activities are already conducted by Agency; or (c) the activities will not require additional resources.

We assume that Section 3 'payment oversight' does not have any impact on any existing payments made by the agency based on guidance from the Department of Admin.

We assume the new trainings requirements will be offered by the Departments of Administration and Revenue are free and are not including any costs associated with the training.

We assume that Section 9, which would now require on-site monitoring visits for all grants over \$50,000, will require additional staffing and costs, including travel to visit grantees state-wide. All grants over \$50,000 would have one visit and grants over \$250,000 would require an annual visit.

Here is an estimated summary of Minnesota Housing grants as of the end of February 2026:

- Approximately 479 active grant agreements
- Approximately 141 grants awarded but not yet executed

- Estimated 120 upcoming grants for funding processes underway at the agency
- Estimated Total ~740 grants

We assume only one monitoring visit would be required for approximately 340 grantees (~46%), and approximately 400 grants (~54%) would require annual visits. This would require that we complete approximately 570 monitoring visits a year to address the estimated 740 grants.

- To determine costs and number of FTEs we're assuming: 5 hours of prep work to schedule, plan and review contract/workplan/budget/reporting for each grantee, 5 hours for the monitoring meetings with each of the grantees including file and program review, 3 hours of financial reconciliation, and 7 hours of wrap up work for each grantee, including drafting monitoring letter and additional documentation, follow-ups, tracking remediations, escalation if needed, etc. for a total of 20 hours per grantee, with a total of 570 monitoring visits each year. We did not include any assumption of time related to on-site grantee staff needing to track down information.

- Additional costs for mileage/gas, lodging and meals would also be incurred by the agency as well as time spent traveling for 570 monitoring visits per year.

- o The assumption for travel costs for Greater Minnesota site visits is as follows: lodging (\$200/night total), meals (\$43/day x 2 days = \$86), and mileage costs (average of 300 miles round trip @\$.725/miles = \$217) for a total of \$503/site visit.

- o The assumption for travel costs in the metro is as follows: mileage costs (average of 75 miles round trip @\$.725/miles = \$54) and meals (\$23/day) for a total of \$77/site visit.

- o We are assuming that grantees are split evenly between the metro and Greater Minnesota

- For the purpose of this fiscal note, we are not including time spent on the road when determining FTE needs, we are not assuming we would add new state vehicles to our fleet, we are not increases the cost of FTEs each year and we are not assuming any extra time required by on-site grantee staff needing to track down information.

Expenditure and/or Revenue Formula

Section 4:

Staffing costs associated with in-person monitoring

- 20 hours per grantee x 570 grantees = 11,400 hours / 2080 hours = 5.5 FTEs
 - o 4.5 FTEs x \$137,699 = \$619,645
 - o 1 manager FTE x \$173,182= \$173,182

Travel Costs

- 285 Greater Minnesota visits x \$503 per visit = \$143,355
- 285 Metro visits x \$77 = \$21,945
- Total: \$165,300 per year

Long-Term Fiscal Considerations

These costs are on-going.

Local Fiscal Impact

N/A

References/Sources

Agency grants management staff

Agency Contact:

Agency Fiscal Note Coordinator Signature: Ryan Baumtrog

Phone: 651-296-9820

Date: 4/9/2026 1:08:11 PM

Email: ryan.baumtrog@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Human Services Dept**

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
General Fund	-	-	2,158	2,552	2,557	
Total	-	-	2,158	2,552	2,557	
Biennial Total			2,158		5,109	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	15	20	20
Total	-	-	15	20	20

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: Kate Schiller **Date:** 4/14/2026 9:22:24 PM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

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
General Fund	-	-	2,158	2,552	2,557	
Total		-	-	2,158	2,552	2,557
Biennial Total				2,158		5,109
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	2,158	2,552	2,557	
Total		-	-	2,158	2,552	2,557
Biennial Total				2,158		5,109
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	
Biennial Total				-		

Bill Description

This bill requires implementation of OLA recommendations related to the grants oversight. Section 9 requires granting agencies conduct unannounced, on-site, in person monitoring visits for all grants over \$50,000, including unannounced visits for grants over \$250,000. Section 10 also requires agency grant staff to complete additional training regarding conducting financial reconciliations.

Assumptions

Division FTE Costs: This bill requires ten (10) FTE within the Behavioral Health Administration (BHA), three (3) FTE within the Homelessness, Housing, and Support Services Administration (HHSSA), one (1) FTE within the Financial Operations Division (FOD), and five (5) FTE within the Aging and Disability Services Administration (ADSA).

-Ten (10) Grant Managers (Mape 14L) in BHA beginning October 1, 2026, would oversee new site visit requirements for the near 1,000 behavioral health grantees. In addition, these FTE would provide program and policy guidance to providers, and provide program integrity guidance and measures for program.

-Three (3) Grant Managers (Mape 14L) in HHSSA beginning October 1, 2026, would oversee new site visit requirements for the near 200 HHSSA grantees. In addition, these FTE would provide program and policy guidance to providers, and provide program integrity guidance and measures for program.

-One (1) Grant Manager (MAPE 14L) in HCA- beginning October 1, 2026 would oversee new site visit requirements for health care grants. In addition, this FTE would provide program and policy guidance to providers, and provide program integrity guidance and measures for program. In both FY 2025 and FY 2026 HCA had approximately 5 grantees that would fall under the new site visit requirements. Beginning in FY2027, this is expected to increase due to new grantees for HR1 implementation. The new FTE would also oversee guidance and new site visit requirements for the new grantees expected in FY2027.

-Five (5) FTE within the Aging and Disability Services Administration (ADSA) -- beginning October 1, 2026, would oversee new site visit requirements for Aging and Adult Services Division, Disability Services Division, State Services, Grants, Equity, Access, and Research (GEAR), HIV Supports, Nursing Facility Rates and Policy (NFRP), and Transitions, Tribal and Transformation (TTT). In addition, these FTE would provide program and policy guidance to providers, and provide program integrity guidance and measures for program. More than 420 grants are assumed to meet the site visit threshold, including approximately 110 grants requiring annual visits. This estimate also assumes that new grantees entering these programs each year would be subject to the same requirements. More than half of ADSA grantees are located outside the

Minneapolis-St. Paul metropolitan area (herein after called metro) and approximately 255 grantees outside this area (herein after called metro) requiring additional staff time and travel resources to complete visits.

-DHS Financial Operations Division (FOD) requires one additional FTE, a human services rep 1 (MAPE 11). FOD will need to do additional manual work and some increased quality assurance for the additional data provided by our programmatic partners within DHS.

FTEs are assumed to begin October 2026 and require an up-front administrative cost of \$17,744, and ongoing monthly administrative costs of \$2,506. Fringe benefits are estimated using the most recent union contracts.

Interpreter Costs: DHS assumes HCA will continue using an existing interpreter contract which has a current rate of \$69 an hour. Two interpreters are used per site visit that needs interpreter services. DHS also assumes additional costs for situations where interpreters are cancelled or rescheduled without notice due to the unpredictability of unannounced site visits.

Mileage, Overnight Stay, and Translation Services costs: This billing requires funding for mileage, overnight stays for some non-7 county metro visits, as well as translation and language services costs for a subset of visits where sites use American Sign Language and other languages.

State Share: All administrative costs are subject to federal reimbursement at a rate of 32%.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2026	FY2027	FY2028	FY2029
GF	11	Financial Operations Division Admin. FTE (0, .75, 1, 1)	0	138	160	160
GF	14	ADSA Admin FTEs (0, 3.75, 5, 5)	0	734	860	860
GF	14	Total Mileage, Translator, & Overnight Stay Costs	0	85	108	110
GF	15	BHA Admin FTEs - (0,7.5,10,10)	0	1,468	1,721	1,721
GF	17	HHSSA Admin FTEs - (0,2.25,3,3)		440	516	516
GF	15	Total Mileage, Translator, and Overnight Stay	0	115	158	163

		Costs: BHA				
GF	17	Total Mileage and Overnight Stay Costs: HHSSA		30	42	43
GF	13	HCA Admin FTEs - (0, 0.75, 1, 1)	0	147	172	172
GF	13	HCA P/T Contract-Interpreter	0	6	6	6
GF	13	HCA Admin - Travel costs	0	10	10	10
GF	REV1	Admin FFP@32%	0	-1015	-1201	-1204
		Total Net Fiscal Impact	0	2,158	2,552	2,557
		Full Time Equivalents		15	20	20

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel

Phone: 651-247-3698

Date: 4/14/2026 6:28:44 PM

Email: christopher.zempel@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Indian Affairs Council**

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
Total	-	-	-	-	-	-
Biennial Total				-		-

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: Adam Bolling **Date:** 3/26/2026 2:46:31 PM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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			-		-

Bill Description

State agencies grant oversight, inventory controls, and debt-collection practices.

Assumptions

MIAC has enshrined annual in-person and virtual visit requirements and final reconciliation before final payment within all grant contracts, which would have no financial impact of this bill on the Minnesota Indian Affairs Council.

MIAC would not object to including the required provisions of this legislation in future grant contracts which would keep MIAC in compliance.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Brandon Alkire (612-512-8317)

Agency Fiscal Note Coordinator Signature: Brandon Alkire

Phone: 612-512-8317

Date: 3/26/2026 2:06:26 PM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Iron Range Resources and Rehabilitation**

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
Iron Range Resources and Rehab	-	-	34	75	75	
Total	-	-	34	75	75	
Biennial Total			34			150

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Iron Range Resources and Rehab	-	-	.23	.5	.5
Total	-	-	.23	.5	.5

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: Karl Palm **Date:** 3/27/2026 1:52:37 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

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
Iron Range Resources and Rehab	-	-	-	34	75	75
Total	-	-	-	34	75	75
Biennial Total				34		150
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Iron Range Resources and Rehab	-	-	-	34	75	75
Total	-	-	-	34	75	75
Biennial Total				34		150
2 - Revenues, Transfers In*						
Iron Range Resources and Rehab	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill would implement several recommendations from the Legislative Auditor concerning agency grant management, inventory controls, and debt collection practices. It establishes that employees may be subject to dismissal for providing false documents to the Legislative Auditor. The requirement of annual training for all personnel responsible for managing state real and personal property would be added. All appropriations, allocations, payments, and other monetary transfers would be subject to grant management requirements and oversight. Additionally, the head of any granting agency must report to the Commissioner of MMB whenever a grantee is under investigation due to a credible allegation of fraud.

This bill further requires granting agencies must conduct at least one unannounced, on-site, in-person monitoring visit for any grant over \$50,000, and annual unannounced visits for grants exceeding \$250,000. Agency staff responsible for financial reconciliation of grants must complete grant management training before assuming those duties and must continue training annually. The legislation also prohibits state agency grantees from hiring any state employee who worked on that grant for a period of 12 months.

In addition, the bill requires annual training for agency staff involved in debt collection. The Commissioner of MMB must develop guidance for state agencies to follow when collecting amounts owed to the state. Agencies would be required to submit quarterly reports to MMB on their debt collection activities, including information on debts deemed uncollectible. Any uncollectible debt of \$100,000 or more must be reported to the appropriate legislative committee chairs.

Assumptions

It is assumed that IRRR employees who manage state real property and personal property will receive required training at no new cost to IRRR.

All IRRR grants whether they are competitive, single source, or legislative currently follow Office of Grants Management requirements and oversight under sections 16B.97 to 16B.991.2.18 2.19.

IRRR currently conducts monitoring visits; however, these visits are scheduled rather than unannounced and not always in-person. Most agency grants are awarded to municipalities and townships for infrastructure and housing projects, and

unannounced visits would create operational challenges within the monitoring process. Many small local governments operate with limited administrative staff, and key personnel-- such as the city administrator, public works director, project engineer, or project manager-- may not be available without advance coordination. Their presence is essential for providing project context, answering technical questions, and reviewing required documentation. IRRR would request an exception to the unannounced site visit requirement for multiple agency grant programs. For the purposes of this fiscal note, IRRR assumes that exemptions would not be granted. Assuming all visits are unannounced, and the additional visits, coordination and documentation will be required, an estimated 166 additional staff hours are anticipated. This estimated is based on the assumption that 20% of unannounced visits will be unsuccessful, requiring repeat visits, meetings and further coordination.

IRRR's service area spans approximately 13,000 square miles in rural Minnesota, necessitating careful travel planning to conduct monitoring efficiently. Scheduling visits in advance allows staff to cluster site visits geographically, reduce travel costs, and minimize disruptions to local government operations.

As of March 2026, IRRR is managing 369 active grants within its service area.

There are 108 grants between \$50,000 and \$250,000. Under current procedures, one monitoring visit (either in-person or virtual) is required prior to final payment. The proposed requirement that all monitoring visits be conducted in-person will result in significant increases in staff travel time, meeting time (estimated 2 hours each totaling 216 hours) & mileage reimbursement. IRRR estimates an additional 155 hours of staff travel time for this category, based on a total of approximately 9,290 miles traveled at an assumed rate of 60 miles per hour.

There are 142 grants over \$250,000. While current procedures call for one annual monitoring visit that does not need to be conducted in-person, the proposed requirements mandate one in-person monitoring visit per year. Each visit is estimated to require 2 hours of meeting time resulting in a total of 284 hours annually. IRRR assumes an additional 154 hours of travel time to complete these required visits, based on an approximate 9,226 miles traveled at an assumed travel speed of 60 miles per hour.

Time required to coordinate and document monitoring visits is also estimated to increase. IRRR estimates 18 hours for grants between \$50,000 and \$250,000 (108 grants at 10 minutes each), and 24 hours for grants exceeding \$250,000 (142 grants at 10 minutes each), for a total of 42 hours annually.

The cumulative impact of the expanded monitoring requirements will significantly increase staff workload. IRRR has determined that an additional .50 FTE position will be required to meet these obligations.

All IRRR staff with grant management responsibilities complete the required initial grants management training before assuming those duties and participate in annual continuing training. This training includes instruction on grant monitoring and conducting financial reconciliations.

It is assumed the IRRR employees who are involved in debt collection will receive required training at no additional cost to the agency. IRRR currently reports any uncollectible debt balances on an annual basis and rarely encounters such balances. Transitioning to quarterly reporting is expected to have minimal operational impact and no fiscal impact.

Expenditure and/or Revenue Formula

The effective date for the reconciliation and site visit requirements is January 15, 2027. The site visit and grant reconciliation activities will account for approximately 5.5 months of the fiscal year, representing 46% of FY27.

For the 108 grants between \$50,000 and \$250,000, total one-way mileage to required monitoring locations is 4,645 miles, resulting in 9,290 miles traveled for in-person visits. The mileage is calculated based on the distance from the agency to each grant location. At the current reimbursement rate of \$0.655 per mile, the total estimated travel cost is \$6,084.95.

For the 142 grants exceeding \$250,000, total one-way mileage to monitoring locations is 4,613 miles, resulting in 9,226 miles traveled to complete the required in-person monitoring visits. At the current reimbursement of \$0.655 per mile, the estimated travel cost is \$6,043.03.

In-person monitoring visits will be scheduled to consolidate multiple visits within the same geographic area on the same day whenever possible. It is estimated that 20 travel days will require a meal reimbursement. Using the current lunch reimbursement rate of \$13 per day, the total estimated meal cost is \$260.

The estimated annual cost of the required FTE position, Grant Specialist Sr, with a salary level of 12L at \$92,874.24 and fringe benefits of \$32,191.28, is \$125,065.52.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Iron Range Resources and Rehabilitation

Agency Contact:

Agency Fiscal Note Coordinator Signature: Krysta Hutchens

Phone: 218-735-3035

Date: 3/27/2026 7:39:58 AM

Email: krysta.hutchens@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Labor and Industry Dept**

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
General Fund	-	-	2	2	2	2
Total	-	-	2	2	2	2
Biennial Total			2		4	4

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
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: Karl Palm **Date:** 3/24/2026 9:43:34 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

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	
General Fund	-	-	2	2	2	
Total	-	-	2	2	2	
Biennial Total			2		4	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	6	11	11	
Absorbed Costs	-	-	(4)	(9)	(9)	
Total	-	-	2	2	2	
Biennial Total			2		4	
2 - Revenues, Transfers In*						
General Fund						
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Section 1 adds new subd. stating materials and information provided to the OLA by public officials and employees are subject to 609.43 and knowingly violating section 609.43 may result in dismissal.

Section 2 added requirement for the Commissioner of MMB to provide guidance to executive branch agencies on how to implement OLA recommendations related to internal controls.

Section 3 creates a new statute requiring appropriations, allocations, payments, or transfer of money from a state agency to a non-state agency or political subdivision be subject to grants management requirements 16B.97 to 16B.991 or state procurement requirements 16C.001 to 16C.36.

Section 4 adds a subdivision to Department of Administrations general authority statute requiring state employees responsible for maintaining state real or personal property to complete annual training.

Section 5 amends Department of Administration’s grants management statute to remove; establish offices for grants governance and oversight, requirement to review grant management practices, requirement to establish and enforce policy and procedure improvements.

Section 6 amends 16B.97 subd 4 to add language removed above with the addition of ensuring executive agencies comply with training requirements and reviewing executive agency grant management practices to establish and enforce policy or procedure improvements.

Section 7 amends 16B.98 subd 3 to clarify what conflict of interest policies must include.

Section 8 adds a subd to 16B.98 requiring granting agencies to report to the Commissioner of Administration any grantee being investigated due to credible fraud allegations. Requires the Commissioner to maintain a list of said grantees.

Section 9 requires granting agencies to conduct unannounced onsite and in-person monitoring visits for any grant > \$50,000 and annual unannounced on-site and in-person monitoring for grants > \$250,000. The Commissioner of Administration can approve exceptions if not suitable for a specific grant program. Effective date is January 15 2027.

Section 10 amends 16B.98 adding requirement for staff assigned to conduct financial reconciliation of grants to complete training prior to assuming responsibilities and on an annual basis and report completed training to Dept. of Administration. Effective date is January 15, 2027.

Section 11 amends 16B.98 to add a subd adding hiring limitations, prohibiting grantees from hiring a state employee who was involved in awarding or managing the grant, outline penalties if they do so.

Section 12 amends 16D.03. by adding a subd requiring all state agency employees who oversee balances owed to the state to complete training developed by the Commissioner of MMB. Effective date is January 15, 2027.

Section 13 amends 16D.09 by adding the requirement of state agencies to report collection efforts taken on debt to MMB and to justify when no collection efforts were attempted. Effective date is January 15, 2027.

Assumptions

Section 1: DLI assumes Minnesota Management and Budget will update the State Code of Ethical Conduct policy. DLI will update the fraud and misconduct reporting requirements policy. This would be considered nominal cost and absorbed by the agency.

Section 2: DLI's Internal Controls unit currently reviews OLA audits to identify common agency issues and recommended remediations. The unit also monitors DLI audit recommendations and implementation status, reporting back to the OLA on implementation status. DLI assumes MMB Internal Controls will develop new communications and procedures to aid in the dissemination of audit finding implementation practices. Additional time and effort by the Internal Controls team cannot be estimated at this time and would be considered part of existing duties. The agency can absorb this work, reducing hours available for internal controls staff to perform internal control audits within the agency.

Section 3: DLI assumes this section applies to statute and session law language that routes money through a state agency to a specific nongovernmental entity and isn't explicitly called a grant or contract and isn't governed by other statutory provisions or rules. The only appropriations to DLI that legislatively name a nongovernmental entity are grant programs and therefore already conform to 16B.97 to 16B.991. No fiscal impact.

Section 6 DLI's agency grants coordinator currently reports to the Department of Administration on completion of required annual training. Grant program staff and internal controls program staff would work with the Department of Administration during a review of the agency's grant policies and procedures. This would likely reduce time spent on planned internal control audits and would be absorbed by the agency.

Section 7: DLI created a conflict-of-interest procedure based on the Department of Administration's conflict of interest policy, which applies to all aspects of grant management outlined in this bill. The policy requires employees to follow their state agency policy and procedures established for code of conduct, code of ethics, **or** grant conflict of interest, including HR/LR Policy #1445 Code of Ethical Conduct and OGM Policy 08-01. DLI assumes this language would require the completion of conflict-of-interest forms for staff that draft RFPs, negotiate contracts, perform financial reconciliation and monitoring, and approve grant payments. The form will be similar to the form used with the grant review committee. DLI assumes these forms would be completed at the start of each new grant round (publishing of RFP). The work would be added to each staff member involved in the process and have nominal costs per individual. The agency can absorb this work.

Section 8: It is currently in DLI's procedure to report any suspected grantee related fraud to the Department of Administration. No fiscal impact.

Section 9 DLI currently performs monitoring visits for all grant awards \$50,000 and greater, and annual monitoring visits for all grant awards \$250,000 and greater, as required by OGM Policy Number 08-10. Based on current and forecasted grant program activity, DLI estimates 50 state-funded grants a year that meets the threshold of \$50,000 or greater, of which seven grants are \$250,000 or greater. As such, DLI will plan to perform approximately 50 unannounced in-person monitoring visits. This bill would change two things related to monitoring visits:

Visits would be unannounced as opposed to planned; DLI assumes 30% of monitoring visits could not be completed at the time of the drop-in as the necessary grantee staff would not be present and available. Many of DLI's grants are awarded to school districts or other organizations that have multiple locations with programs occurring offsite. Grant personnel are not always at headquarters during an average workday.

DLI assumes the majority (90%) of in-person monitoring visits would require an average of two hours of travel (one hour each way). DLI assumes the hourly average compensation (salary plus fringe) of grant manager time is \$54. Staff in travel status may incur lunch expense at \$13. DLI maintains a fleet of state-owned vehicles that are available to all employees for required travel, therefore no additional costs are estimated for vehicles. **Total costs estimated at (50 monitoring**

visits x .90) * (\$54 * 2) = \$4,860 of staff time. (50 monitoring visits * .90) * 13 = 585 of travel costs.

DLI assumes the remaining 10% of in-person monitoring visits would average 7 hours of travel (three and a half hours each way). Using the same total compensation hourly cost (\$54) plus lunch (\$13), dinner (\$19) and overnight lodging (\$200). (50 monitoring visits * .10) * (\$54*7) = \$1,890. (50 monitoring visits * .10) * (13+19+200) = \$1,160 of travel costs.

Because these monitoring visits are distributed across multiple grant programs and multiple grant managers, DLI anticipates no additional FTE to cover the additional hours resulting from transitioning these monitoring visits from virtual to in-person. The travels costs for all grant programs are not absorbed and are calculated below.

Absorbed Staff time = \$4,860 + \$1,890+ = \$6,750

Additional absorbed staff time due to revisit 30% = \$6,750 * .30 = \$2,025

New travel costs = \$585 + \$1,160 = \$1,745

Additional Costs to revisit 30% = \$1,745 *0.30 = \$523.50

***The effective date for section 9 of the bill is January 15, 2027, so fiscal estimates will be prorated for FY2027. ***

Section 10: DLI included staff responsible for conducting financial reconciliation of grants in the list of employees required to complete training based on the recent statutory change. This bill language requires the training to be specifically related to financial reconciliation. DLI already reports completion of required training to the Department of Administration. DLI assumes a need to update internal procedures with the specific training requirement. The agency can absorb this work.

Section 11: DLI will need to update procedures related to the prohibition of an employee accepting a job at a grantee's organization for a 12-month period. While it is common for employees who are separating to share the name of their new employer, it is not required. It is unclear the repercussions if an employee starts working at a grantee's organization within 12 months.

Section 12: DLI has five employees that oversee balances owed to the agency. DLI assumes the Department of Revenue will design and offer training and employees will attend. The cost of attending additional training is nominal, the agency can absorb this work.

Section 13: DLI submits quarterly accounts receivable reporting, including open receivables, to MMB as required by 16D.09. The report summarizes open receivables by account code and does not report individual receivables. DLI assumes MMB will design a report template that will allow for justification of any debt that did not have collections action taken. DLI's current procedure is to review open receivables and discuss collection actions with program leadership. The agency could absorb this work.

Expenditure and/or Revenue Formula

Cumulative Expenditures	2026	2027	2028	2029
Staff Travel Time (Hours)		63	125	125
Staff Travel Time (Revisit Hours)		18	37	37
Staff Travel Time (\$/Hr)		54	54	54
Total Cost Staff Travel Time (Absorbed)		4,388	8,775	8,775
Lunch/Dinner Costs Annually		373	745	745
Lodging Costs Annually		500	1,000	1,000
Additional Costs to Reattend 30% of Visits		262	524	524
Total Travel Expenditures		1,135	2,269	2,269

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

Agency Contact: Kristy Swanson 651-284-5528

Agency Fiscal Note Coordinator Signature: Kristy Swanson

Phone: 651-284-5528

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Metropolitan Council**

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
Total	-	-	-	-	-	-
Biennial Total			-			-

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: Laura Cecko **Date:** 3/26/2026 1:59:34 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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			-		-

Bill Description

Section 1 clarifies enforcement of legislative auditor authority and removes language allowing dismissal of employees for submitting false information.

Section 2 strengthens oversight by requiring ongoing guidance, reporting, and technical assistance (as resources allow) to implement audit recommendations.

Section 3 broadens payment oversight to cover more state transfers to nongovernmental entities with specified exceptions.

Section 4 requires annual inventory training for state employees managing state property.

Section 5 updates the commissioner’s discretionary powers in grants management, including oversight and enforcement roles.

Section 6 expands the commissioner’s duties, emphasizing compliance, high-risk grant monitoring, and centralized oversight functions.

Section 7 refines conflict-of-interest policies and procedures for grant-related activities.

Section 8 requires reporting and tracking of grantees under fraud investigation, without the original data-classification provision.

Section 9 mandates unannounced, in-person site visits for larger grants and sets an effective date.

Section 10 reinforces mandatory initial and annual grants management and financial reconciliation training, with an effective date.

Section 11 prohibits grantees from hiring involved state employees for one year after a grant award and imposes penalties for violations.

Section 12 requires standardized training for state employees managing debts, coordinated with multiple agencies, and sets an effective date.

Section 13 clarifies criteria and reporting requirements for uncollectible state debts and adds an effective date.

Assumptions

Section 1. Amendment to Section 3.978, subd. 3. Applies to the Council as we have employees who are considered both public officials and/or public employees. No fiscal impact.

Section 2. Amendments to 16A.507, subd.5. References executive agencies, so they do not apply to the Council.

Section 3. Establishes 16A.38. references "state agency or board" so it does not apply to the Council. Capital and bond-funded grants also exempted which covers some parks and trails grants.

Section 4. Amendment to 16B.24. References state agency employees so it does not apply to the Council.

Section 5. Amendment to 16B.97, subd. 3. Changes wouldn't impact Council work.

Section 6. Amendment to 16B.97, subd. 4. All changes reference executive agencies, so they do not apply to the Council.

Section 7. Amendments to 16B.98, subd. 3. Change wouldn't impact Council work.

Section 8. Creation of 16B.98, subd. 8. Change wouldn't impact Council work, it would be a simple change to add a step to notify the commissioner of grantee fraud investigations. No fiscal impact.

Section 9. Amendment to 16B.98, subd. 6 Requires on-site, in person monitoring visit for any grant over \$50,000, and annual on-site in person monitoring visits for any grant over \$250,000. These visits could be applicable to Parks and Trails Legacy Fund grants and visits to the ten regional park implementing agencies who hold the grants, requiring an additional FTE to implement. Exceptions may be granted by the commissioner if a granting agency can justify why the visits aren't suitable for

a specific grant program.

Section 10. Amendment to 16B.98, subd. 6a. References state agency staff and state agency so it does not apply to the Council.

Section 11. Amendment to add a new subdivision to 16B.98. References grantee hiring requirements related to state employees who awarded or managed a grant to the grantee. Impact is to the grantee rather than the Council.

Section 12. Amendment to 16D.03. References state agency employees so it does not apply to the Council.

Section 13. Amendment to 16D.09, subd. 1. References state agency so it does not apply to the Council.

Expenditure and/or Revenue Formula

In the absence of an exception, this legislation would require one additional full-time equivalent (FTE) in the first year and 0.75 FTE in subsequent years, which the Council will absorb and will have no impact on State funds. The Council currently administers approximately 250 grants totaling \$220 million and does not have sufficient staff capacity to meet the additional monitoring and site visit requirements outlined in the bill. During the first year, a full-time staff member would be needed to develop and implement new monitoring procedures, establish site visit schedules, and build the processes required to comply with the legislation. After these systems and schedules are in place, the workload would shift primarily to carrying out ongoing monitoring and site visits, which is expected to require fewer staff hours and approximately 0.75 FTE in subsequent years.

The FTE formula is based on cost of 1 FTE Senior Project Administrator role, at a cost of \$150,000/yr for salary/fringe and anticipated need for a portion of a full FTE to implement new procedures.

Long-Term Fiscal Considerations

Anticipate higher expenses to the Council in the initial year to build site visit procedures and less expenses in subsequent years once site visit procedures are established and a monitoring schedule is established for grantee projects.

Local Fiscal Impact

May require additional staff time for site visit preparation and participation as described in bill language.

References/Sources

Metropolitan Council, Community Development / Metropolitan Transportation Services Finance & Admin Department and Office of General Counsel

Agency Contact: Heather Giesel, 651-602-1715

Agency Contact: Heather Giesel 651-602-1715

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Minn Management and Budget**

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
General Fund	-	-	479	639	639	
Total	-	-	479	639	639	
Biennial Total			479			1,278

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	3	4	4
Total	-	-	3	4	4

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:** 4/9/2026 3:14:38 PM
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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
General Fund	-	-	479	639	639	
Total	-	-	479	639	639	
Biennial Total			479			1,278
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	479	639	639	
Total	-	-	479	639	639	
Biennial Total			479			1,278
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

The bill amends several statutory provisions regarding agency grant, inventory, and debt collection practices.

Section 1 amends Minn. Stat. 2024, sec. 3.978, subd. 3 by adding paragraph (c), which provides that materials and information provided to the legislative auditor by public officials or public employees are documents subject to section 609.43 (misconduct of public officer or employee) and that public officials or employees who knowingly submit documents to the legislative auditor that violate section 609.43 may be subject to dismissal.

Section 2 amends Minn. Stat. 2025 Supp., sec. 16A.057, subd. 5 by adding two new paragraphs: - Changes former paragraph (b) to paragraph (c) - Adds a new paragraph (b) that requires the commissioner of Minnesota Management and Budget (MMB) to regularly provide guidance to all executive agencies on how to implement Office of the Legislative Auditor (OLA) recommendations related to internal controls. - Adds a new paragraph (d) that requires MMB to provide technical assistance to agencies that have not implemented recommendations from the OLA as detailed in the annual report in section 3.971, subd. 10, paragraph (a) (annual OLA report on agency implementation of audit recommendations).

Section 3 adds a new section in statute, 16A.38 (Payment Oversight): - Paragraph (a) provides that an appropriation, allocation, payment, or other transfer of money from the state to an entity that is not a state agency or political subdivision is subject to grants management requirements and oversight under sections 16B.97 to 16B.991 or 16C.001 to 16C.36. - Paragraph (b) provides that this section does not apply to general obligation grants as defined in section 16A.6965, capital project grants to political subdivisions as defined in section 16A.86, or capital project grants otherwise subject to section 16A.642.

Paragraph (c) clarifies this section is not applicable to Revenue payments under Ch. 290C.

Section 4 adds subd. 4a to Minn. Stat. 2024, sec. 16B.24: Subd. 4a requires all state agency employees responsible for maintaining an inventory of state real property or state personal property must annually complete training provided by the commissioner of the Department of Administration (Admin). The training must include but is not limited to accountability and oversight requirements for different types of assets and property, how to ensure adequate segregation of duties, and identification of inventory-related risks.

Section 5 amends Minn. Stat. 2024, sec. 16B.97, subd. 3 by deleting the language in paragraphs (1) and (7) under Admin's discretionary powers.

Section 6 amends Minn. Stat. 2024, sec. 16B.97, subd. 4 by adding three paragraphs to Admin's duties: - Paragraph (11) requires Admin to ensure all executive agencies comply with the training requirements under section 16B.98, subd. 6a. - Paragraph (12) requires Admin to review executive agency grants management practices and establish and enforce policy

or procedure improvements as needed. - Paragraph (13) requires Admin to establish offices for the purpose of carrying out grants governance, oversight, and management.

Section 7 amends Minn. Stat. 2024, sec. 16B.98, subd. 3 by adjusting conflict of interest language to be less permissive.

Section 8 adds subd. 4a to Minn. Stat. 2024, sec. 16B.98: Subd. 4a requires the head of a granting agency to report to the commissioner of Admin any grantee being investigated due to a credible allegation of fraud. It also provides that the commissioner of Admin must maintain a list of grantees reported under this subdivision, and that the grantee must not be removed from the list until an investigation is complete or closed.

Section 9 amends Minn. Stat. 2024, sec. 16B.98, subd. 6 by adding paragraph (b): Paragraph (b) requires a granting agency to conduct an unannounced, on-site, and in-person monitoring visit for any grant over \$50,000, and annual unannounced, on-site, and in-person monitoring visits for grants over \$250,000. Admin may approve exceptions to this requirement if the granting agency sufficiently justifies why unannounced, on-site, and in-person monitoring visits are not suitable for a specific grant program.

Section 10 amends Minn. Stat. 2025 Supp., sec. 16B.98, subd. 6a by adding grants management requirements: - Paragraph (b) requires state agency staff assigned to conduct financial reconciliation of grants to complete initial training on conducting financial reconciliations before assuming grant management responsibilities and to complete continuing financial reconciliation training on an annual basis. - Paragraph (c) requires state agencies to report annually to the commissioner of Admin the number of staff members who have received grants management training and training on conducting financial reconciliation of grants. - Paragraph (d) requires the commissioner of Admin to ensure all state agencies comply with the training requirements in this section.

Section 11 adds subd. 15 to Minn. Stat. 2024, sec. 16B. 98: Subd. 15 prohibits a grantee from hiring an individual who was a state employee involved in awarding or managing the grant for a period of 12 months after the granting agency awards the grant. If a grantee violates this subdivision, the granting agency must immediately terminate the grant, the grantee must repay to the state all money received under the grant, and the commissioner of Admin must debar the grantee for 24 months beginning on the first day of the individual's employment with the grantee.

Section 12 adds subd. 4 to Minn. Stat. 2024, sec. 16D.03: Subd. 4 requires state agency employees who oversee balances owed to the state to complete training developed by the commissioner MMB and the commissioner of the Department of Revenue to quantify such balances and determine options for collection. As part of this training, the commissioners must establish guidance for state agency staff to follow when collecting balances owed to the state.

Section 13 amends Minn. Stat. 2025 Supp., sec. 16D.09, subd. 1 by adding collection efforts to reporting activities regarding uncollectable debts: - Paragraph (b) requires a state agency to add collection efforts taken to its quarterly reports to the commissioner of management and budget regarding uncollectable debts. If no collection efforts were made for a particular debt, the state agency must report its rationale. - For an uncollectible debt equaling or exceeding \$100,000, paragraph (c) requires a state agency to add collection efforts made or the reason no collection efforts were made to its notification to the chairs and ranking minority members of the legislative committees with jurisdiction over the state agency's budget at the time the debt is determined to be uncollectible.

Assumptions

Section 2 (Minn. Stat. Sec. 16A.057, subd. 5, para. (b)). MMB assumes this provision will result in no costs. Providing guidance to state agencies on OLA audit findings and recommendations is part of the existing functions of the Accounting Services Division, Internal Controls and Accountability Unit. Based on consultation with the OLA during the completion of this fiscal note, MMB assumes the Internal Control and Accountability Unit and OLA will meet from time to time to discuss the OLA's audit findings and recommendations, themes, suggested corrective actions, and any cross-agency or state government-wide applicability. MMB assumes convening communities of practice, such as through the unit's existing Internal Control and Accountability Network standing meetings, consisting of internal control specialists, internal auditors, accountants, etc. to review relevant findings and recommendations and provide guidance.

Section 2 (Minn. Stat. Sec. 16A.057, subd. 5, para. (d)). MMB assumes needing an additional 3.0 FTE within the Accounting Services Division, Internal Controls and Accountability Unit, to establish a new program to provide technical assistance to state agencies to implement internal control-related OLA audit recommendations that the OLA has determined agencies have not implemented through its annual report under Minn. Stat. Sec. 3.971, subd. 10, para. (a)). MMB assumes this program would require two internal control specialists at the Finance Specialist 3 classification and a

supervisor at the Finance Accounting Supervisor classification. Through the inclusion of the “as resources allow” language in this paragraph, MMB assumes legislative intent is that MMB will provide technical assistance to state agencies on developing and implementing corrective action plans but that MMB will need to prioritize OLA audit recommendations based on factors such as risk/severity, overlaps or themes across multiple agencies’ OLA audit findings and recommendations, broader enterprise-wide applicability or benefits, and/or prioritization suggestions from the OLA. MMB’s ability to address the totality of unimplemented internal controls-related OLA audit recommendations will be constrained by the staffing capacity provided by these 3.0 FTE as well as by the number of relevant unimplemented audit recommendations that the OLA identifies in its annual report. MMB does not assume 3.0 FTE will provide enough capacity for MMB to comprehensively establish corrective action plans with state agencies, implement operational, process, policy and procedure, etc. changes with state agencies, and provide independent assurance through internal audit testing that the corrective actions are operating effectively all to be done over the 12-month period between every OLA report on unimplemented audit recommendations. MMB assumes this more comprehensive approach would require 8.0 new FTE (compared to the 3.0 FTE assumed for this fiscal note).

Sections 12 and 13. MMB assumes needing an additional 1.0 FTE within the Accounting Services Division, General Accounting Unit, at the Finance Specialist 2 classification to provide the tracking and oversight of state agencies’ accounts receivables (AR) and uncollectible debts, and, jointly with the Department of Revenue, to develop and deliver trainings to state employees with AR, debt collection, and debt write-off responsibilities. Minn. Stat. Sec. 16D.09, subd. 1, currently requires agencies to certify their uncollectible debts to MMB on a quarterly basis. MMB uses this information primarily for the purpose of completing the state’s audited financial statements. MMB does not currently collect state agencies’ uncollectible debt data at the level of specificity required in section 13. MMB assumes the Finance Specialist 2 would develop new state agency reporting tools and certifications to meet the requirements of section 13. The Finance Specialist 2 will need to reconcile this new reporting to the aforementioned existing reporting used for the state’s audited financial statements. Consistent with section 13’s effective date and the state’s financial reporting cycle, MMB assumes implementing this new reporting effective for fiscal year 2028 and thereafter.

MMB assumes that the Enterprise Training and Development internal team will provide assistance with reviewing training courses, ensuring trainings are accessible, and coordinating the posting of trainings. This is normal operational work for the team and will not result in additional costs.

MMB assumes hiring the four new positions identified above effective October 1, 2026.

Expenditure and/or Revenue Formula

FY 2027:

Finance Accounting Supervisor: \$116,788 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 0.75 (assumes hiring full time position with start date of 10/1/2026) = \$135,575

Finance Specialist 3: \$100,995 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 0.75 (assumes hiring full time position with start date of 10/1/2026) X 2 (Two Positions Requested) = \$234,482

Finance Specialist 2: \$94,062 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 0.75 (assumes hiring full time position with start date of 10/1/2026) = \$109,193

Total: \$479,250

FY 2028 and beyond:

Finance Accounting Supervisor: \$116,788 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 1.0 (full time) = \$180,766

Finance Specialist 3: \$100,995 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 1.0 (full time) X 2 (Two Positions Requested) = \$312,643

Finance Specialist 2: \$94,062 (67th percentile of salary range effective 7/1/2026) X 1.3210 (MMB Fringe Rate) X 1.1717 (MMB Overhead Rate) X 1.0 (full time) = \$145,591

Total: \$639,000

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat

Phone: 651-201-8115

Date: 4/9/2026 2:50:47 PM

Email: ronika.rampadarat@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Minnesota IT Services**

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
General Fund	-	-	4	-	-	-
Total	-	-	4	-	-	-
Biennial Total			4			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
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:** 3/26/2026 2:06:10 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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
General Fund	-	-	-	4	-	-
Total	-	-	-	4	-	-
Biennial Total				4		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	4	-	-
Total	-	-	-	4	-	-
Biennial Total				4		-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill amends Minnesota Statutes sections 16B.97 and 16B.98 to enhance oversight requirements for state grants. The bill requires granting agencies to conduct in-person monitoring visits based on grant size, including at least one in-person visit during the grant period for grants between \$50,000 and \$250,000 and at least one in-person visit annually for grants over \$250,000. The bill also requires documentation of noncompliance and reporting of suspected fraud.

Assumptions

MNIT administers Public Land Survey System (PLSS) monument grants, which are government-to-government grants awarded to counties.

MNIT anticipates that 7 grants will remain active in FY27, all of which will require monitoring visits. All PLSS grants are expected to be completed by the end of FY27.

Staff time associated with required monitoring visits will be performed by existing MNIT staff and is not expected to require additional FTE.

MNIT estimates travel costs of approximately \$500 (mileage, meals, and lodging costs) per visit, resulting in estimated travel costs of approximately \$3,500 in FY27.

If future PLSS appropriations allow grants to be awarded to most eligible counties, the number of required monitoring visits would depend on the size and structure of those future grants. If approximately 64 grants are awarded and subject to at least one annual in-person monitoring visit, estimated travel costs could be approximately \$32,000 annually.

Expenditure and/or Revenue Formula

7 site visits x \$500 average travel costs = \$3,500

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Uma Venkat

Phone: 651-201-1218

Date: 3/25/2026 12:46:00 PM

Email: uma.venkat@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **MNsure**

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
General Fund	-	-	291	281	281	
Total	-	-	291	281	281	
Biennial Total			291		562	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1	1	1
Total	-	-	1	1	1

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: Zac Reeves **Date:** 4/10/2026 11:09:38 AM
Phone: 651-284-6437 **Email:** zac.reeves@lbo.mn.gov

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
General Fund	-	-	291	281	281	281
Total		-	-	291	281	281
Biennial Total				291		562
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	291	281	281	281
Total		-	-	291	281	281
Biennial Total				291		562
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

SF3900, first engrossment, amends state law related to grants management, inventory control, audit compliance, and debt collection. It authorizes court enforcement of legislative auditor subpoenas and penalties for false statements; requires the Commissioner of Management and Budget to review audit findings, provide guidance to agencies, offer technical assistance, and submit an annual report on the status of recommendations from the prior five years; and applies grants management requirements to most state payments to non-state entities, with specified exceptions for certain capital and general obligation grants.

The bill mandates annual inventory training for relevant staff; expands the Commissioner’s authority over grants policy, review of solicitations, information technology spending, and suspension or debarment of grantees; establishes conflict-of-interest procedures and fraud reporting requirements; and mandates unannounced, in-person monitoring visits for grants over \$50,000 (and annually for grants over \$250,000). It also requires initial and annual grants and financial reconciliation training, prohibits grantees from hiring certain state employees involved in awarding or managing a grant for 12 months (with specified penalties for violations), and establishes reporting and notification requirements for uncollectible state debts, including legislative notice for debts of \$100,000 or more.

The first engrossment specifies that requirements for site visits, grants management training, and training pertaining to balances owed to the state are effective January 15, 2027.

Assumptions

MNsure currently has approximately 300 contracts that are set up as grant contracts. MNsure assumes all of these contracts would fall under the new requirements. Monitoring visit assumptions are based on actual grant numbers from FY 2026. Approximately 60% of current MNsure grantees are in the 7-county metro area and 40% in Greater Minnesota, with clusters in Saint Louis County, Stearns/Benton.Sherburne Counties, Olmsted County, and Blue Earth County.

MNsure has approximately 260 grant contracts under \$50,000. Based on bill language and current number of contracts over \$50,000 and over \$250,000, MNsure assumes unannounced, in-person monitoring visits would be required for approximately 40 agencies, with approximately 7 of those agencies requiring annual visits. MNsure currently performs remote annual site visits for approximately 20 agencies. MNsure assumes each monitoring visit would require an average of eight hours of staff time for preparation, the visit itself, documentation, and follow-up for in-person visits. These activities would require hiring a contractor for 0.5 FTE to support the implementation of all steps of completing site visits.

MNsure assumes implementing new site visit requirements and increased grantee oversight will incur additional legal work. The additional legal work includes grant contract execution and amendments, including adding new or additional

contract language from this bill, legal counsel to the business area in setting up the process and procedure for on-site visits, providing legal advice to the business area during on-site visits and providing legal advice and guidance to the business area in responding to behaviors identified during the on-site visits. This includes counsel, advice and analysis of state laws and polices regarding creating and executing disciplinary actions, corrective action plans, and advising on contract terminations. These activities would require 1 FTE classified as a staff attorney for implementation. This position would also be responsible for implementing recommendations related to documenting and testing internal controls and compliance for grantees, including conflict-of-interest procedures and hiring prohibitions. Currently, contracting services are partially provided through another state agency, and procurement and contracting functions are in transition to fully internalized responsibilities. MNsure does not have legal counsel dedicated to this level of grantee work.

MNsure assumes new and annual continuing education training requirements related to property inventory, financial reconciliation of grants, and balances owed to the state would be included in the appropriate staff members' current responsibilities and duties, resulting in no additional implementation cost for the agency.

In the first fiscal year, MNsure assumes required site visits and trainings would be completed in the second half of FY27.

Expenditure and/or Revenue Formula

Total costs include hiring a contractor for 0.5 FTE in FY27 who will support the implementation of all steps of completing site visits, and 1 FTE staff attorney position. The staff attorney responsibilities include legal counsel and contract work related to new site visit requirements as well as audits, internal controls and compliance work. Additionally, MNsure will incur technology development costs to support tracking, documentation, and reporting for site visits.

Category	FY27	FY28	FY29
Travel	\$6,000	\$6,000	\$6,000
1 FTE for staff attorney (including fringes)	\$125,000	\$125,000	\$125,000
1 contractor to support implementation	\$150,000	\$150,000	\$150,000
Equipment for employees/consultants	\$10,000		
Total	\$291,000	\$281,000	\$281,000

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Mary Robinson (612-289-5742)

Agency Fiscal Note Coordinator Signature: Mary Robinson

Phone: 612-289-5742

Date: 4/10/2026 9:45:00 AM

Email: mary.robinson@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Natural Resources Dept**

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) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	59	59	59
Environment and Natural Resource	-	-	81	81	81
Water Recreation	-	-	2	2	2
Snowmobile	-	-	20	20	20
All Terrain Vehicle	-	-	6	6	6
Zoos Lottery In Lieu	-	-	1	1	1
State Land and Water Conservation	-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu	-	-	1	1	1
Heritage Enhancement	-	-	2	2	2
Outdoor Heritage Fund	-	-	106	106	106
Parks And Trails Fund	-	-	11	11	11
Reinvest In Minnesota Gifts	-	-	1	1	1
Federal Fund	-	-	7	7	7
Total	-	-	303	303	303
Biennial Total			303		606

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.34	.34	.34
Environment and Natural Resource	-	-	.35	.35	.35
Water Recreation	-	-	.01	.01	.01
Snowmobile	-	-	.09	.09	.09
All Terrain Vehicle	-	-	.03	.03	.03
Zoos Lottery In Lieu	-	-	-	-	-
State Land and Water Conservation	-	-	.03	.03	.03
Rgnl Pks and Trls Lott in Lieu	-	-	.01	.01	.01

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Heritage Enhancement	-	-	.01	.01	.01
Outdoor Heritage Fund	-	-	.46	.46	.46
Parks And Trails Fund	-	-	.05	.05	.05
Reinvest In Minnesota Gifts	-	-	-	-	-
Federal Fund	-	-	.03	.03	.03
Total	-	-	1.41	1.41	1.41

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: Jordan Peoples **Date:** 4/6/2026 11:07:10 AM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	59	59	59
Environment and Natural Resource	-	-	81	81	81
Water Recreation	-	-	2	2	2
Snowmobile	-	-	20	20	20
All Terrain Vehicle	-	-	6	6	6
Zoos Lottery In Lieu	-	-	1	1	1
State Land and Water Conservation	-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu	-	-	1	1	1
Heritage Enhancement	-	-	2	2	2
Outdoor Heritage Fund	-	-	106	106	106
Parks And Trails Fund	-	-	11	11	11
Reinvest In Minnesota Gifts	-	-	1	1	1
Federal Fund	-	-	7	7	7
Total	-	-	303	303	303
Biennial Total			303		606
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	59	59	59
Environment and Natural Resource	-	-	81	81	81
Water Recreation	-	-	2	2	2
Snowmobile	-	-	20	20	20
All Terrain Vehicle	-	-	6	6	6
Zoos Lottery In Lieu	-	-	1	1	1
State Land and Water Conservation	-	-	6	6	6
Rgnl Pks and Trls Lott in Lieu	-	-	1	1	1
Heritage Enhancement	-	-	2	2	2
Outdoor Heritage Fund	-	-	106	106	106
Parks And Trails Fund	-	-	11	11	11
Reinvest In Minnesota Gifts	-	-	1	1	1
Federal Fund	-	-	7	7	7
Total	-	-	303	303	303
Biennial Total			303		606
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Environment and Natural Resource	-	-	-	-	-
Water Recreation	-	-	-	-	-
Snowmobile	-	-	-	-	-
All Terrain Vehicle	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
State Land and Water Conservation	-	-	-	-	-
Rgnl Pks and Trls Lott in Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
Outdoor Heritage Fund	-	-	-	-	-

State Cost (Savings) = 1-2	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Parks And Trails Fund	-	-	-	-	-	-
Reinvest In Minnesota Gifts	-	-	-	-	-	-
Federal Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill implements recommendations of the Office of the Legislative Auditor (OLA) related to grants oversight, inventory management, and debt collection practices.

The bill clarifies that documents and materials provided by state agency staff to the OLA are subject to Minnesota Statutes that govern misconduct of public officers and employees. It also states that employees who knowingly submit documents that violate this statute may be subject to dismissal.

Minnesota Management and Budget (MMB) must provide guidance to all agencies on how to implement OLA recommendations for internal controls. In addition, MMB must assist agencies who have not implemented OLA recommendations from OLA's annual report.

Section 3a expands payment oversight requirements. Payments routed through a state agency to a nongovernmental entity that are not explicitly identified as grants or contracts and are not otherwise governed by statute or rule must follow applicable grants management or procurement requirements. General obligation bond grants and capital project grants to political subdivisions are excluded.

The bill requires training for agency staff responsible for inventory management, grants financial reconciliation, and debt collection activities. The Department of Administration (Admin) must provide inventory and grants management training.

The bill requires mandatory reporting of grantees under fraud investigation. A list must be maintained of grantees under investigation or until the investigation is completed or closed.

The bill expands grants oversight and reporting requirements by having mandatory unannounced, on-site monitoring visits for grants over \$50,000 and annual visits for grants over \$250,000.

The bill requires state agency staff responsible for conducting financial reconciliations of grants to complete initial training before assuming those duties and to complete continuing training on an annual basis. In addition, state agencies must report annually to DOA the number of staff who have completed grants management training and training related to final grant reconciliations.

The bill prohibits a grantee from hiring, for a period of 12 months following the award of a grant, a former state employee who was involved in awarding or managing that grant to work on the grant. If violated, the granting agency must terminate the grant agreement, the grantee must repay all grant funds received, and the commissioner must debar the grantee from receiving state grants for 24 months.

The bill requires debt collection training on identifying, quantifying, and collecting outstanding debts. Guidance must be established for pursuing collection of balances owed to the state.

Adds language to have agencies document and report write-offs to MMB. Legislative notification for write-offs exceeding \$100,000. MMB must publish an annual statewide summary of agency write-offs.

Assumptions

DNR administers numerous grant programs that provide funding to local governments, nonprofit organizations, and other non-government entities. The bill increases administrative requirements related to grant monitoring, training, inventory oversight, and debt collection reporting.

DNR assumes this section applies only to appropriations or statutory language directing funds to specific nongovernmental entities that are not explicitly defined as grants or contracts and are not otherwise governed by existing statutory or regulatory frameworks.

Payments structured like grants will be subject to the Office of Grants Management (OGM) policy framework. Payments structured like contracts will follow state procurement and contracting requirements. Programs with existing statutory governance are assumed to be unaffected.

The requirement to conduct unannounced on-site monitoring visits for grants greater than \$50,000 and annual monitoring visits for grants greater than \$250,000 will increase staff workload related to travel, monitoring, and documentation activities. DNR currently conducts monitoring for some grant programs; however, the statutory thresholds will require additional monitoring visits across multiple programs.

Admin is assumed to develop or expand training at no cost to agencies. Fiscal impacts are limited to staff time to complete required training and administrative time to track compliance.

The bill also establishes additional reporting requirements related to grantees under fraud investigation and debts determined to be uncollectible. These requirements are expected to increase administrative workload for grants management and financial staff but are not expected to create significant direct costs.

Provisions clarifying documentation requirements for the OLA and restrictions on grantee hiring of former state employees are not expected to have a direct fiscal impact on DNR.

Increased efforts will be required to ensure standardization and compliance on new oversight requirements and training across the agency. Centralized oversight, training, consultation, tracking, and documentation would be needed. We estimate this effort to be .25 FTE annually.

Expenditure and/or Revenue Formula

Grant Monitoring & Reconciliation

Using the five-year average, 570 grants would be affected each year by the proposed legislation with an increase in need for monitoring visits. Estimated travel, meals, and lodging costs are based on a selection of existing DNR programs that currently use site visits.

Estimated Cost per Site Visit:

Expenditure Type	Estimated Cost Per Visit
Travel/Fleet	\$66
Lodging	\$46
Meals	\$15
Staff time (4 hours)	\$316
Total	\$443

Estimated Cost of Site Visits by Fund:

Annual Site Visit Needs by Fund	Number of Visits	Total Costs
All-Terrain Vehicle	14	6,202

Environment & Natural Resource	182	80,626
Federal	16	7,088
General	20	8,860
Heritage Enhancement	4	1,772
Outdoor Heritage Fund	240	106,320
Parks And Trails Fund	25	11,075
Reinvest In Minnesota-Gifts	1	443
Rgnl Pks and Trls Lott In Lieu	3	1,329
Snowmobile	45	19,935
State Land & Water Conservtn	14	6,202
Water Recreation	5	2,215
Zoos Lottery In Lieu	1	443
Total	570	\$252,510

A .25 FTE effort for agencywide compliance and coordination would be \$41,000, recognized in the General Fund.

Inventory Management Training

Approximately 100 staff will be required to complete annual training. Each training course is estimated at 1 hour per employee.

100 staff × 1 hour × \$79 average hourly staff cost = \$7,900 total training cost

Debt Collection Training

Approximately 10 staff will be required to complete annual training. Each training course is estimated at 1 hour per employee.

10 staff × 1 hour × \$79 average hourly staff cost = \$790 total training cost

Long-Term Fiscal Considerations

These requirements will create continuing administrative workload for DNR staff responsible for grants management, financial oversight, inventory management and debt collections.

The requirement for unannounced site visits for certain grants may increase long-term staffing and travel costs.

Local Fiscal Impact

None.

References/Sources

None.

Agency Contact: Rick Byers

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

Date: 4/3/2026 12:28:37 PM

Email: tyler.teggatz@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Office of Cannabis Management**

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
Total	-	-	-	-	-	-
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: Jordan Peoples **Date:** 3/19/2026 1:59:41 PM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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			-			-

Bill Description

The bill, SF3900, refines existing requirements for state grantmaking policies and procedures and adds requirements including implementing recommendations of the legislative auditor regarding agency grant, inventory, and debt collection practices. The bill amends Minnesota Statutes 2024, sections 3.978, subdivision 3; 16B.24, by adding a subdivision; 16B.97, subdivisions 3, 4; 16B.98, subdivisions 3, 6, by adding subdivisions; 16D.03, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 16A.057, subdivision 5; 16B.98, subdivision 6a; 16D.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 16A.

Assumptions

The Office of Cannabis Management (Office) is already planning to conduct the new requirements including adherence to internal controls, required on-site visits, grants management training, and financial reconciliation training. With this assumption, the proposed language does not add new cost estimates to the agency.

Expenditure and/or Revenue Formula

No fiscal impact is expected with the passage of this bill.

Long-Term Fiscal Considerations

No additional costs to the Office will continue in the fiscal years after FY2026-27.

Local Fiscal Impact

No expected direct fiscal impact on local government bodies.

References/Sources

Department of Administration Office of Grants Compliance guidelines.

Agency Contact: Amy McShane

Agency Fiscal Note Coordinator Signature: Amy McShane

Phone: 651-539-5847

Date: 3/19/2026 1:54:38 PM

Email: Amy.McShane@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Office of Higher Education**

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
General Fund	-	-	41	120	120	
Total	-	-	41	120	120	
Biennial Total			41		240	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.24	.72	.72
Total	-	-	.24	.72	.72

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: Alyssa Holterman Rosas **Date:** 4/8/2026 2:36:10 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

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	
General Fund	-	-	41	120	120	
Total	-	-	41	120	120	
Biennial Total			41		240	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	41	120	120	
Total	-	-	41	120	120	
Biennial Total			41		240	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill:

- Amends the penalties for Misconduct of Public Officer or Employee
- Amends the duties of the Commissioner of Minnesota Management and Budget as they relates to recommendations from the Office of the Legislative Auditor related to Internal Controls and Internal Auditing
- Establishes a new statute related to Payment Oversight
- Establishes a training requirement related to inventory of state property
- Amends the discretionary powers of the Commissioner of the Department of Administration
- Amends the duties of the Commissioner of the Department of Administration
- Amends statutes related to grants administration, required grants administration training, and grantee hiring practices; and
- Amends statutes related to state debt collections

Section 1 amends 3.978, subdivision 3 by adding a section to indicate materials and information provided to the legislative auditor by public officials and public employees are subject to 609.43

Section 2 amends 16A.057, subdivision 5 to instruct the Commissioner of Minnesota Management and Budget to regularly provide guidance to all executive agencies on how to implement recommendations from the legislative auditor related to internal controls. It also instructs the Commissioner of Minnesota Management and Budget to provide technical assistance, as resources allow for agencies that have not implemented recommendations included in the Legislative Auditor’s annual report described in 3.971, subd 10, paragraph (a).

Section 3 establishes statute 16A.38 that indicates, unless otherwise specified, an appropriation, allocation, payment, or other transfer of money from the state to an entity that is not a state agency or a political subdivision is subject to grants management requirements and oversight under sections 16B.97 to 16B.991 or 16C.001 to 16C.36, as applicable. It also indicates general obligation grants defined in 16A.695, capital project grants to political subdivisions as defined in section 16A.86, or capital project grants otherwise subject to section 16A.642 are not subject to this statute. This section does not apply to payments made by the commissioner of revenue under chapter 290C.

Section 4 amends 16B.24 by adding a subdivision that indicates all state agency employees responsible for maintaining an inventory of state real property or state personal property must annually complete training provided by the Commissioner of the Department of Administration. It also indicated the training must include but is not limited to accountability and oversight requirements for different types of assets and property, how to ensure adequate segregation of duties, and identification of inventory-related risks.

Section 5 amends 16B.97, subd. 3 by removing from the discretionary powers of the Commissioner of the Department of Administration the discretionary power to review grants management practices and establish and enforce policy and procedure improvements. It also removes the discretionary power of the Commissioner of the Department of Administration to establish office for the purpose of carrying out grants governance, oversight, and management.

Section 6 amends 16B.97, subd. 4 to add to the duties of the Commissioner of the Department of Administration to indicate the Commissioner shall:

- Ensure all executive agencies comply with the training requirements under section 16B.98, subdivision 6a which indicates all state agency staff assigned grant management responsibilities must complete initial grants management training before assuming grants management job duties and must complete continuing grants management training on an annual basis.
- Review executive agency grants management practices and establish and enforce policy or procedure improvements as needed.
- establish offices for the purpose of carrying out grants governance, oversight, and management.

Section 7 amends 16B.98, subd. 3 to clarify to which employees directly or indirectly involved in the grants process Conflict of Interest policies must apply.

Section 8 amends section 16B.98 by inserting a new subdivision indicating granting agency heads must report to the Commissioner of the Department of Administration any grantee being investigated due to a credible allegation of fraud. It also directs the Commissioner of the Department of Administration to maintain a list of these reported grantees and directs the Commissioner of the Department of Administration not to remove a grantee from the list until an investigation is complete or closed.

Section 9 amends section 16B.98, subdivision 6, to indicate granting agencies must:

- conduct an unannounced, on-site, and in-person monitoring visit for any grant over \$50,000; and
- conduct annual unannounced, on-site, and in-person monitoring visits for any grant over \$250,000.

Section 9 also indicates the Commissioner of the Department of Administration may approve exceptions to this requirement if the granting agency sufficiently justifies why unannounced, on-site, and in-person monitoring visits are not suitable for a specific grant program. Effective date of this section is January 15, 2027.

Section 10 amends section 16B.98, subdivision 6a to add to grants management training requirements that all state agency staff assigned to conduct financial reconciliation of grants must complete initial training on conducting financial reconciliations before assuming grant management responsibilities and must complete continuing financial reconciliation training on an annual basis. All state agencies must report annually to the commissioner the number of staff members who have received grants management training and training on conducting final reconciliation of grants. The commissioner must also ensure that all state agencies comply with the training requirements. Effective date of this section is January 15, 2027.

Section 11 amends 16B.98 by adding a subdivision that for a period of 12 months after a granting agency awards a grant, the grantee must not hire an individual to work with that grant who was a state employee involved in awarding or managing the grant. If a grantee violates this subdivision, the granting agency must immediately terminate the grant, the grantee must repay to the state all money received under the grant, and the Commissioner of the Department of Administration must debar the grantee for a period of 24 months beginning on the first day of the individual's employment with the grantee.

Section 12 amends 16D.03 by adding a subdivision that requires all state agency employees who oversee balances owed to the state must complete training Commissioner of the Department of Revenue to quantify such balances and determine options for collection. As part of this training, the Commissioner of the Department of Revenue must establish guidance for

state agency staff to follow when collecting balances owed to the state. Effective date of this section is January 15, 2027.

Section 13 amends 16D.09, subd. 1 to indicate that in addition to data on uncollectible debts, state agencies must report the collection efforts taken in their required quarterly reports to the Commissioner of Management and Budget. It also indicates if the state agency has taken no collection efforts for a particular debt, the state agency must report its rationale. It also specifies for uncollectible debts equal to or exceeding \$100,000, state agencies must report to the chairs and ranking minority members of the legislative committees with jurisdiction over the state agency's budget at the time the debt is determined to be uncollectible the collection efforts made or the reason no collection efforts were made. This section also amends the statute to say the Commissioner of Management and Budget must provide an annual summary on uncollectible debts, by agency, to the chairs and ranking minority members of all legislative committees. Effective date of this section is July 1, 2027.

Assumptions

For the payments that are covered, OHE assumes that Admin's Office of Grants Management 13 policy framework (pre-award risk assessment, conflict of interest, financial reconciliation etc.) applies to grant like activities and procurement/contracting rules apply to contracting like activities.

OHE assumes the inventory training requirement would be additional training provided by Admin at no cost to OHE.

OHE assumes it may need to update the agency's Code of Conduct and Conflict of Interest policy and update its annual Code of Conduct training to align with this bill.

OHE assumes an in-person grant monitoring visit requires agency staff to go to one or more locations of a grantee, review and document progress towards the goals and objectives outlined in the grant agreement, ensure compliance with the grant agreement provisions, and address any issues.

OHE assumes conducting all grant monitoring in-person would result in an increase in the staffing and travel costs associated with conducting grant monitoring visits.

OHE assumes conducting unannounced, on-site, in-person grant monitoring visits would increase the staffing and travel costs associated with conducting grant monitoring visits. If key grantee staff, participants/students, and/or essential documentation are not available at the time of the unannounced grant monitoring visit, agency staff will need to return to the grantee's location and/or carryout follow up tasks in order to complete an effective grant monitoring visit.

OHE assumes Department of Administration exceptions to the unannounced, on-site, in-person grant monitoring visit requirements will be very limited.

OHE assumes it would comply with the requirements of section 8 and assumes any additional cost would be minimal.

OHE assumes with the effective date for Section 9 of January 15, 2027, the statute amendments would apply to competitive grants awarded through RPPs published on or after the effective date and legislatively-named, formula-funded, and single-source grants with grant contract agreements executed on or after the effective date.

OHE assumes the additional training requirements for grants management training will be developed or build upon existing training and be provided by Admin at no cost to OHE. OHE also assumes it would comply with the annual reporting requirement related to grants management training.

OHE assumes the hiring limitation provision would function as a limitation on the grantee not to hire a former state employee to work on specific projects as an employee of grantee. OHE assumes the enterprise would provide required updates to the State of Minnesota employees in the Code of Ethical Conduct. OHE would assume the requirement to provide notice to grantees and off-boarding employees but not act as an enforcement role. Under this assumption there is no significant financial impact.

OHE assumes the training requirement for agency employees who oversee balances owed to the state would be additional training and assumes the cost would be minimal.

Expenditure and/or Revenue Formula

Using current grants and monitoring requirements. OHE has estimated the impact of this bill by the increase in staff time and travel costs to complete the proposed monitoring visit requirements.

The following estimates have been used to calculate additional staff hours needed for visits:

For virtual monitoring visits: OHE estimates staff time is 6 hours per visit. This includes preparation, actual monitoring visit meeting, documentation and follow-up.

For local, in-person monitoring visits: OHE estimates staff time is 8 hours per visit. This includes preparation, travel, on-site work, documentation & follow-up.

For non-local, in-person monitoring visits: OHE estimates staff time is 16 hours per visit. This includes preparation, travel, on-site work, documentation & follow-up.

For estimation purposes here, it is assumed that the in-person visits are 50% local & 50% non-local. The actual breakout varies depending on where the grantee is located as well as the staff who are completing the monitoring visit.

Staff costing used in the estimates is a SPA Principal with salary, benefits & supports costs calculated to be \$64.07/hour.

OHE estimates that the success rate for unannounced, in-person monitoring visits will be 75%, with 25% requiring additional visits. Total number of unannounced in-person visits is increased by 25% for FY27-29.

STAFF

Current (FY26)	# of Grants	Annual # of Monitoring Visits	# of Virtual Visits	Staff Hours - Virtual visits	# of In-Person Visits	Staff Hours - In-Person Visits
Less than \$50,000*	64	3	1	6	2	24
Between \$50,000-\$250,000**	136	68	34	204	34	408
Over \$250,000	28	28	0	0	28	336
Total	228	99	35	210	64	768
					Total Staff Hours (Virtual + In-Person)	978
FY 27 - Proposed Changes:	# of Grants	Annual # of Monitoring Visits	# of Virtual Visits	Staff Hours - Virtual visits	# of Unannounced In-Person Visits	Staff Hours - In-Person Visits
Less than \$50,000*	64	3	1	6	2	24
Between \$50,000-\$250,000**	136	68	0	0	85	1020
Over \$250,000	28	28	0	0	35	420
Total	228	99	1	6	122	1464
					Total Staff Hours	1470
* Estimate that 5% of grants under \$50,000 require a monitoring visit					Additional Staff Hours	492
** Assuming grants are for two years and require one monitoring visit					FTE for FY27	0.24
					Staff Cost (\$64.07/Hour)	\$ 31,522.44
FY 28 & FY29 - Proposed Changes:	# of Grants	Annual # of Monitoring Visits	# of Virtual Visits	Staff Hours - Virtual visits	# of Unannounced In-Person Visits	Staff Hours - In-Person Visits

Less than \$50,000	64	3	1	6	2	24
Between \$50,000-\$250,000	136	136	0	0	170	2040
Over \$250,000	28	28	0	0	35	420
Total	228	167	1	6	207	2484
					Total Staff Hours	2490
					Additional Staff Hours	1512
					FTE for FY28	0.72
					Staff Cost (\$64.07/Hour)	\$ 96,873.84

TRAVEL

To estimate the increased travel costs for the changes purposed, OHE used an average cost of \$150/visit. OHE estimates that the success rate for unannounced, in-person monitoring visits will be 75%, with 25% requiring additional visits. The estimated travel cost is increased by 25%.

In-Person Monitoring Travel Estimates	# of Grants	# of Annual In-Person Monitoring Visits	Avg. Travel Cost per Visit	Estimated Travel Cost
Under Current Law: FY26 Estimated # of In-Person Visits		58	\$ 150.00	\$ 8,700.00
FY 27 Under Proposed Changes:				
Grants Under \$50,000	64	5%	\$ 150.00	\$ 600.00
Grants between \$50,000 and \$250,000	136	0.5	\$ 150.00	\$ 12,750.00
Grants Over \$250,000	28	1	\$ 150.00	\$ 5,250.00
				\$ 18,600.00
Estimated Increase Travel Costs for FY27:				\$ 9,900.00
FY 28 & FY29 Under Proposed Changes:				
Grants Under \$50,000	64	5%	\$ 150.00	\$ 600.00
Grants between \$50,000 and \$250,000	136	1	\$ 150.00	\$ 25,500.00
Grants Over \$250,000	28	1	\$ 150.00	\$ 5,250.00
				\$ 31,350.00
Estimated Increased Travel Costs for FY28 & FY29 (based on Current Law Est.):				\$ 22,650.00

OHE estimates increased costs will begin in FY 2027. Below is a summary of the costs.

Summary of Estimated Costs:	FY27	FY28	FY29
Staff	\$ 31,522.44	\$ 96,873.84	\$ 96,873.84
Travel Costs	\$ 9,900.00	\$ 22,650.00	\$ 22,650.00
Total	\$ 41,422.24	\$ 119,523.84	\$ 119,523.84

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Megan FitzGibbon

Agency Fiscal Note Coordinator Signature: Michelle Scott

Phone: 651-259-3980

Date: 4/8/2026 1:29:32 PM

Email: michelle.scott@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Perpich Center for Arts Education**

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
Total	-	-	-	-	-	-
Biennial Total			-			-

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: Alyssa Holterman Rosas **Date:** 3/30/2026 12:53:45 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

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			-			-

Bill Description

Grant recommendations implemented and debt collection practices modified.

Assumptions

Perpich Center for Arts Education gives out only small Comprehensive Arts Planning (\$3,500) to local school districts throughout the State of MN. We have our own internal tracking system through our Professional Development and Research department.

Any new requirements this bill would place upon Perpich Center for Arts Education would be handled within the agency as it currently exists.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Allegra Smisek

Agency Fiscal Note Coordinator Signature: Allegra Smisek

Phone: 763-279-4160

Date: 3/30/2026 11:41:03 AM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Pollution Control Agency**

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
General Fund	-	-	417	237	237	
Total	-	-	417	237	237	
Biennial Total			417		474	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.7	.45	.45
Total	-	-	.7	.45	.45

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: Jordan Peoples **Date:** 4/1/2026 4:21:39 PM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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
General Fund	-	-	417	237	237	237
Total		-	-	417	237	237
Biennial Total				417		474
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	417	237	237	237
Total		-	-	417	237	237
Biennial Total				417		474
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 1

Amends MS 3.978 to clarify materials submitted to the Office of the Legislative Auditor by public employees are subject to public officer or employee misconduct statute - MS 609.43.

Section 2

Amends MS 16A.057 to require Minnesota Management and Budget (MMB) to regularly provide guidance to state agencies on how to implement Office of the Legislative Auditor (OLA) recommendations on internal controls. Requires MMB to provide technical assistance to agencies identified as not having implemented OLA recommendations in annual reports by the OLA to the legislature under MS 3.971.

Section 3

Creates MS 16A.38 Payment Oversight to designate that any appropriation, allocation, payment or transfer of state funds to an entity that is not a state agency or political subdivision is subject to the grant management requirements in 16B.97 to 16B.991 or state procurement responsibilities in 16C.001 to 16C.36. Does not apply to capital budget projects or grant programs.

Section 4

Amends MS 16B.24 to require state employees who maintain an inventory of state real or personal property to annually complete training by the Minnesota Department of Administration on accountability/oversight requirements, segregation of duties, and identifying inventory-related risks.

Sections 5 and 6

Amends MS 16B.97 to reclassify establishing grant management offices and reviewing agency grant practices and policies from being discretionary powers to being duties of the Minnesota Department of Administration. Requires MDA to ensure that all agencies comply with initial and annual grants management training requirements under MS 16B.98.

Section 7

Amends MS 16B.98 to require conflict of interest policies apply to four grants process employee roles that were previously identified as "may include".

Section 8

Requires state agencies to report to the Minnesota Department of Administration any grantee being investigated due to a credible allegation of fraud.

Section 9

Requires unannounced, on-site, and in person monitoring visits once during the life of any grant between \$50,000 to \$249,999 and annually for any grant over \$250,000. This section is effective January 15, 2027.

Section 10

Requires state agency staff conducting financial reconciliation of grants to complete initial and annual training on financial reconciliation.

Section 11

Amends MS 16B.98 to limit the hiring of state employees involved in awarding or managing a grant by the grantee organization for a period of 12 months. Establishes consequences of grant termination, fund repayment, and debarment for grantees violating provision.

Section 12

Amends MS 16D.03 to require the Minnesota Department of Revenue to develop guidance on collecting balances owed and provide associated training on collection options for all state employees who oversee balances owed to the state.

Section 13

Amends MS 16D.09 to include collection efforts undertaken or rationale in reporting by state agencies of uncollectable debt.

Assumptions

- Sections 1, 2, 3, 5, 6, 7, 8, 11, and 13 do not have a quantifiable fiscal impact on the Minnesota Pollution Control Agency.
- Section 3: MPCA assumes this section applies to statute and session law language that routes money through a state agency to a specific nongovernmental entity and isn't explicitly called a grant or contract and isn't governed by other statutory provisions or rules.
- Section 4: Training on property oversight would be developed and provided by the Minnesota Department of Administration at no cost to agencies and would be one hour in duration. 52 MPCA employees are responsible for maintaining inventories of state real or personal property and would be required to complete the training annually.
- Section 9: Requiring unannounced, on-site, and in-person monitoring visits will incur additional local travel time and non-local travel costs.
 - o Bill language and corresponding changes to OGM 08-10 Policy on Grant Monitoring will be effective for grants anticipated to be active in SFY 2027. Changes will impact all existing grants at MPCA that will be active as well as any newly awarded grants.
 - o OGM 08-10 Policy on Grant Monitoring currently requires at least one monitoring visit (via telephone or in-person) before final payment on all grants over \$50,000 and at least annual monitoring visits (via telephone or in-person) on grants over \$250,000.
 - o Requiring site visits to be in-person (beyond current flexibility for telephone or virtual visits) will require an additional 2 hours of local travel time per site visit.
 - o Unannounced monitoring visits will not result in additional, rescheduled site visits. Data and personnel required to conduct monitoring visits will be present in all unannounced visits carried out.

- o In-person monitoring visits outside the seven-county metro area will incur non-local travel costs, including additional travel time, meal, lodging, and fleet expenses. These additional costs total \$717 per non-local travel event with \$109 in fleet costs, \$28 in meals, \$75 in lodging, and \$504 in additional staff time to travel. No inflationary adjustment is included in estimate for travel costs.

- o The MPCA staff conducting monitoring visits are based in the St. Paul Office. Based on awardee addresses for the past four years, 70% of grantee locations are outside of the seven-county metro area. Hence, 70% of in-person monitoring visits will incur a non-local add on.

- Section 10: Financial reconciliation training would be developed by the Minnesota Department of Administration, provided at no cost to agencies, provided in alignment with grants management training in 16B.98, subdivision 6a(a), and would be one hour in duration. MPCA grant managers perform reconciliation and would be required to complete the training annually. The number of MPCA staff currently identified as needing to complete overall grants management training is used as a proxy for grant managers. This number is 236.

- Section 12: Training on collecting balances owed to the state would be provided by Department of Revenue, required for the four MPCA employees who oversee balances owed and 1 hour in duration.

- The annual cost of 1.0 FTE is \$175,000 in FY2027-2029. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (workspace, computer and office supplies, office equipment, local travel, etc.).

Expenditure and/or Revenue Formula

Number of grants

To estimate the number of grants between \$50,000 and \$250,000 this language impacts with annual in-person site visit requirements, MPCA took the four-year average of newly awarded grants within this range (98 per year) and estimated this as future award rate per year. To estimate the number of existing awards this language impacts, MPCA took the number of currently active grant agreements through the agency within this range (268) and estimated these current awards would have in-person site visits carried out in FY27.

To estimate the number of grants above \$250,000 this language impacts with annual in-person site visit requirements, MPCA took the number of existing awards within this range (221) and estimated future years would have a same total number of active awards within this range, including new awards and some awards expiring.

Because grants above \$250,000 require **annual** site visits throughout the life of the grant, MPCA believes that the total number of existing grant awards in this range is the best methodology to estimate future number of site visits that would be required to be in person for this award range in any given year. Because grants between \$50,000 and \$250,000 only require **at least one** site visit before final payment, MPCA believes that the four-year average of newly awarded grants within this range is the best methodology to estimate future number of site visits that would be required to be in person for this award range in any given year.

Grants between \$50,000 and \$250,000 FY27

- In-Person Site Visits: Additional 2 hours per in-person site visit for local travel time * 366 grants (268 currently active and 98 new awards) = 732 hours/.35 FTE * \$175,000 = \$61,250

- Non-Local add on: 70% out of metro area * 366 grants = 256.2 non-local visits * \$717 travel, time, meal, lodging costs = \$183,695

For FY27 total cost for grants \$50,000 and \$250,000 is \$244,945 and .35 FTE

Grants between \$50,000 and \$250,000 FY28 and FY29

- In-Person Site Visits: Additional 2 hours per in-person site visit for local travel time * 98 grants = 196 hours/.09 FTE * \$175,000 = \$15,750

- Non-Local add on: 70% out of metro area * 98 grants = 68.6 non-local visits * \$717 travel, time, meal, lodging costs = \$49,186

For FY28 and FY29 total cost for grants \$50,000 and \$250,000 is \$64,936 and .09 FTE

Grants over \$250,000

· In-person monitoring: Additional 2 hours per in-person site visit for local travel time * 221 grants = 442 hours / .21 FTE * 175,000 = \$36,750

· Non-Local add on: 70% out of metro area * 221 grants = 154.7 non-local visits * \$717 travel, time, meal, lodging costs = \$110,920

Total annual cost for grants over \$250,000 is \$147,670 and .21 FTE

Training

4 staff required to take collecting balances training + 236 staff required to take financial reconciliation training + 52 staff required to take training on property oversight = 292 * 1 hour per training = 292 hours/.14 FTE * \$175,000 = \$24,500

Total annual cost for training requirements is \$24,500 and .14 FTE

	FY27	FY28	FY29
In-Person Monitoring			
# of Grants \$50k -\$250k	366	98	98
\$50k -\$250k FTE	0.35	0.09	0.09
\$50k -\$250k FTE & Travel Cost	\$244,945	\$64,936	\$64,936
# of Grants >\$250k	221	221	221
>\$250k FTE	0.21	0.21	0.21
>\$250k FTE & Travel Cost	\$147,670	\$147,670	\$147,670
Training			
Training FTE	0.14	0.14	0.14
Training Cost	\$24,500	\$24,500	\$24,500
Total FTE	0.70	0.45	0.45
Total Cost	\$417,115	\$236,830	\$236,830

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

MPCA grants funds to local governments. This bill is not expected to incur costs for local governments because it does not increase the frequency or amount of monitoring visits.

References/Sources

NA

Agency Contact: Ryan Merz (651-509-4803)

Agency Fiscal Note Coordinator Signature: Jill Morberg

Phone: 218-302-6685

Date: 3/30/2026 2:58:44 PM

Email: jill.morberg@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Prof Educator Licensing Std Bd**

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
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
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:** 4/10/2026 9:28:52 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	1	1	1	
Absorbed Costs	-	-	(1)	(1)	(1)	
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 Adds materials submitted to the legislative auditor (OLA) to documents subject to section 609.43.

Section 2 - Requires Minnesota Management and Budget to provide guidance to executive agencies on how to implement internal controls

Section 3 Makes all payments to non-state organizations subject to grants management and oversight requirements.

Section 4 Requires annual training for state employees who maintain real or personal state property.

Sections 5 & 6 Moves the commissioner of Administration authority to establish grant enforcement policies from discretionary powers (subd. 3) to duties (subd. 4)

Section 7 Makes the requirements for conflict of interest required, not optional.

Section 8 Requires agency heads to report fraud allegations to the commissioner of Administration. The commissioner must maintain a list of those under investigation until investigations are complete.

Section 9 Requires an unannounced in-person site visit for grants over \$50,000. These visits must take place annually for grant awards over \$250,000.

Section 10 Requires training for staff administering grants on conducting financial reconciliations and requires agencies to report on training to the commissioner of Administration.

Section 11 Prohibits grantees from hiring former state employees involved in awarding their grant for 12 months after the grant award is made.

Section 12 Requires training for state employees who oversee balances owed to the state.

Section 13 Requires state agencies to report on collection efforts for unpaid debts to the state.

Assumptions

All grants administered by PELSB except for the Preparation Pathways Grant were moved to MDE last year. As a result, PELSB only administers one grant with a total award of \$388,000. This year there are 5 grantees. 2 awards are under \$50,000 and the other 3 are between \$50,000 and \$250,000.

We anticipate needing to conduct 3 in-person visits. We have dedicated staff time. The only additional cost would be travel for the in-person visits. Currently, only one of those is in Greater MN.

Expenditure and/or Revenue Formula

Calculations: 1 outstate visits at \$150 for hotel, \$300 for mileage, and \$86 for food = \$536. 2 metro or near-metro visits with mileage reimbursements of \$50 = \$100. Total: \$636.

Because the anticipated cost is less than \$1,000, PELSB can absorb this cost.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Yelena Bailey (651-539-4196)

Agency Fiscal Note Coordinator Signature: Yelena Bailey

Phone: 651-539-4196

Date: 4/10/2026 6:57:47 AM

Email: yelena.bailey@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Public Defense Board**

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
Total	-	-	-	-	-	-
Biennial Total			-			-

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: Susan Nelson **Date:** 4/6/2026 9:29:57 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

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			-		-

Bill Description

Section 1 of the bill would include materials and information provided to the legislative auditor in the definition of documents subject to M.S. 609.43. A public official who knowingly provides false materials to the legislative auditor would be guilty of a misdemeanor.

Assumptions

These would not be cases where a public defender would be assigned.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Kevin Kajer

Phone: 612-279-3508

Date: 4/6/2026 9:26:27 AM

Email: Kevin.kajer@pubdef.state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Public Safety Dept**

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) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1,164	1,164	1,164
Total	-	-	1,164	1,164	1,164
Biennial Total			1,164		2,328

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	6.4	6.4	6.4
Total	-	-	6.4	6.4	6.4

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: Laura Cecko **Date:** 4/7/2026 1:47:43 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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	
General Fund	-	-	1,164	1,164	1,164	
Total	-	-	1,164	1,164	1,164	
Biennial Total			1,164			2,328
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	1,164	1,164	1,164	
Total	-	-	1,164	1,164	1,164	
Biennial Total			1,164			2,328
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

This bill includes many provisions that relate to state government. It requires the Commissioner of Administration to do the following:

- Develop and provide training to state employees on inventory of state real and personal property on an annual basis.
- Maintain a list of grantees that are being investigated due to a credible allegation of fraud
- Develop and provide training to state agency staff on conducting financial reconciliations on an annual basis and ensure all state agencies comply with the grants training requirements.
- Review executive agency grants management practices; establish and enforce policy and procedure improvements; and focus on high-risk grant programs and grantees.

This bill also requires Minnesota Management and Budget to:

- Regularly provide guidance to agencies on how to implement Office of Legislative Auditor (OLA) recommendations related to internal controls
- Provide technical assistance to agencies that have not implemented OLA recommendations related to internal controls
- Coordinate with Department of Revenue (DOR) to develop and deliver training for employees who oversee debt owed to the state determining options for collection

Lastly, the bill includes a provision on payment oversight requiring certain oversight and monitoring of payments as well as revising grants management requirements to include unannounced in-person site visits for grants over \$50,000 and annual unannounced in-person site visits for grants over \$250,000.

Assumptions

DPS assumes that Minnesota Management and Budget (MMB) will provide technical assistance on implementing internal controls recommendations from the OLA. Based on MMB’s assumptions for this fiscal note, MMB will convene statewide meetings to review relevant findings and recommendations, as well as provide guidance to agencies. DPS will attend any meetings convened by MMB on this topic. DPS assumes additional training and resources will need to be developed internally to share the information learned from these groups convened by MMB as well as utilize the

information to assess risk and strengthen the agency's internal controls systems.

DPS also assumes MMB, in partnership with DOR, will provide training to employees with accounts receivable, debt collection, and debt write-off responsibilities. Based on MMB's assumptions in the fiscal note, DPS would have additional reporting and certifications to meet for the quarterly AR reports, as well as annual certifications. DPS would need to revise existing policies and procedures, as well as create new ones where needed to address these new responsibilities. DPS will track debt owed and recovered, any collection efforts taken to recover the outstanding debt, and rationale when collection efforts were not conducted. DPS will report to MMB as required.

DPS assumes that the Department of Administration (ADM) will develop and deliver training on inventory management of real and personal property of the state. DPS assumes ADM will also update any related policies and procedures as needed. DPS staff will attend the training under the scope of their current duties. DPS will also update any agency policies and procedures related to the inventory management of the state's real and personal property as required, as well as implement agency tracking and reporting process and procedures to ensure the agency meets all requirements.

This bill requires reporting of grantee investigations due to a credible allegation of fraud. DPS currently reports allegations of fraud to the Office of Legislative Auditor (OLA) and the Bureau of Criminal Apprehension (BCA). BCA shares allegations of grant fraud with ADM and DPS assumes this process meets the requirement in section 8, lines 5.19 - 5.25. If that is not sufficient or ADM requests agencies report the information differently, DPS would create a process to report the information as requested.

The bill also requires unannounced, in-person site visits for all grants over \$50,000. DPS assumes the Office of Grants Management (OGM) will update statewide grants policies and procedures. DPS will also update agency policies, procedures, training, and resources to reflect the new change. DPS will provide trainings on the changes to ensure all staff are aware of the updated requirements and to ensure staff have the knowledge and skills to properly conduct and document financial reconciliations.

DPS assumes that having unannounced, on-site visits will result in multiple trips for staff visiting several grantees. Without prior notice, the grantee's files, records, invoices, and key staff may not be available for review and examination. To conduct an effective monitoring visit in these cases, it will require another visit to review and assess the grantee's records and ensure they're meeting all goals and requirements of the program. To account for this additional time, DPS will assume 2 additional hours monitoring and travel per visit in the calculations.

DPS has approximately 1,299 active grant contracts for an approximate total of \$364,000,000. DPS has approximately 607 grants between \$50,000 - \$250,000 that would require one in-person monitoring visit; and 347 grants over \$250,000 that would require annual in-person monitoring visits for a total of 954 grants.

DPS estimates approximately 65% of the grantees are in the Twin Cities metro area and 35% are in greater Minnesota.

DPS estimates approximately 4 hours for each monitoring visit. For in-person visits to greater Minnesota, DPS estimates an additional 8 hours to account for travel to and from the grantee's location. DPS included 2 additional hours for both monitoring and travel to account for multiple visits when needed.

In-person monitoring = 954 visits = 620 visits (65%) in metro; 334 visits (35%) in greater MN.

620 visits x 4 hours = 2,480 hours

334 visits x 12 hours = 4,008 hours

Additional hours due to multiple visits = 1,240 + 1,336 = 2,576 hrs

Total of 9,064 hours for monitoring visits / 2080 = 4.4 FTE.

For the 35% of in-person monitoring visits in greater Minnesota, DPS estimates total travel costs per monitoring visit are \$467.25 x 434 monitoring visits = \$202,787 total travel costs. DPS assumes as many as a third of these grantees will need multiple monitoring visits for a total of 434 trips (334 * 1.3 = 434 visits).

DPS assumes OGM will develop and conduct additional training on financial reconciliations. Based on the ADM's assumptions in the fiscal note, DPS will also need to develop additional financial reconciliation training and provide technical assistance to staff and grantees when needed. DPS will need to have a process for tracking which staff have completed training and centralized oversight to verify their annual attendance. DPS assumes there will be additional reporting to OGM based on these requirements.

To fully meet these new statutory requirements and ensure oversight and compliance through tracking, training, reporting, and compliance checks, DPS assumes two additional staff would be needed. These FTEs are responsible for tracking, reporting and compliance checks, to ensure monitoring and financial reconciliations are completed timely and in compliance with requirements in statute and policy, as well as any follow-up on findings or issues of noncompliance. These staff will also be responsible for delivering regular ongoing training to ensure consistency and standardization across the agency, as well as providing technical assistance to staff in these areas. These FTEs will be responsible for tracking and reporting on these new requirements to MMB and ADM, as well as ensuring all agency-related policies, procedures and processes are updated and aligned with statewide policies and procedures. This additional capacity is needed to maintain strong internal controls and assist with additional monitoring and financial reconciliations when warranted based on the grantee's performance and risk level.

DPS estimates 6.4 new State Program Administrator Principals or a similar classification at an estimated cost of \$150,252 each (includes salary, fringe, technology, etc.) = \$961,613 annually

Expenditure and/or Revenue Formula

Monitoring

In-person monitoring visits TC metro	620 visits	4 hours	2,480 hours
In-person monitoring greater MN	334 visits	12 hours	4,008 hours
Hrs for multiple visits			2,576 hours
Total monitoring			9,064 hours

FTEs

9,064 hours	2080/FTE	4.4 FTEs monitoring + 2.0 FTEs compliance and training
\$150,252 / FTE (salary, fringe, technology, etc.)	6.4 FTEs	\$961,613 annually

Travel

Lodging	\$200/night
Meals	\$43/day x 2 days = \$86
Mileage	\$0.725/mile x 250 avg miles/visit
Total travel costs / visit	\$467.25
Total travel costs for all visits	\$202,787

Total Expenditures and FTEs

FTE costs / FY	\$961,613
Travel costs / FY	\$202,787
Total costs / FY	\$1,164,400
Total new FTEs	6.4

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Nicole Mickelson

Phone: 651-201-7045

Date: 4/6/2026 3:39:42 PM

Email: nicole.mickelson@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Racing Commission**

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
Total	-	-	-	-	-	-
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: Adam Bolling **Date:** 3/23/2026 2:22:45 PM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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			-		-

Bill Description

If passed, this bill would require the Commissioner of Management and Budget to provide guidance to agencies about OLA recommendations for internal controls; provides that payments to non-state agencies are subject to grants management requirements; require staff that maintain agency inventory of property to take training from MMB; require MMB to provide grants management training to state agencies; require agencies to report to MMB if any grantee is being investigated for fraud; require unannounced site visits for certain grantees; require employees that conduct financial reconciliation of grants to complete annual training; and create a prohibition on grantees hiring state employees involved in awarding them a grant.

Assumptions

Our agency already conducts on-site visits of all grantees, so the site visit requirement in the bill would not add any costs to our operation.

We also assume that the new training that is required in this bill will not have a cost charged by the agency offering that training.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Kyle Gustafson (651-952-3951)

Agency Fiscal Note Coordinator Signature: Kyle Gustafson

Phone: 651-952-3951

Date: 3/23/2026 12:48:58 PM

Email: kyle.gustafson@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Revenue Dept**

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
Total	-	-	-	-	-	-
Biennial Total			-			-

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: Joel Enders **Date:** 3/23/2026 10:52:26 AM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

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			-		-

Bill Description

SF3900-1E amends several statutory provisions to implement recommendations by the legislative auditor regarding grant, inventory, and debt collection practices among state agencies.

Section 1 amends Minnesota Statutes 2024, section 3.978, subd. 3 to state that materials and information provided to the legislative auditor by public officials or public employees are documents subject to section 609.43.

Section 2 amends Minnesota Statutes 2025 Supplement, section 16A.057, subd. 5 to require the commissioner of management and budget to regularly provide guidance to all executive agencies on how to implement Office of the Legislative Auditor recommendations related to internal controls and provide technical assistance to agencies that have not implemented those recommendations.

Section 3 adds a new section in statute, 16A.38 (Payment Oversight). Paragraph (a) states that unless otherwise specified, an appropriation, allocation, payment, or other transfer of money from the state to a nongovernmental entity is subject to grants management requirements and oversight. Paragraph (c) exempts payments made by the commissioner of revenue under chapter 290C.

Section 4 amends Minnesota Statutes 2024, section 16B.24 to require all state agency employees responsible for maintaining an inventory of state real property or state personal property to complete an annual training.

Section 5 amends Minnesota Statutes 2024, section 16B.97, subd. 3 to remove some discretionary powers granted to the commissioner of administration.

Section 6 amends Minnesota Statutes 2024, section 16B.97, subd. 4 to expand the commissioner of administration's duties relating to grant management.

Section 7 amends Minnesota Statutes 2024, section 16B.98, subd. 3 to transform guidelines from permissive to mandatory.

Section 8 amends Minnesota Statutes 2024, section 16B.98 to require the head of a granting agency to report any grantee being investigated due to a credible allegation of fraud to the commissioner of administration.

Section 9 amends Minnesota Statutes 2024, section 16B.98, subd. 6 to require granting agencies to conduct unannounced, on-site, and in-person visits for any grant over \$50,000, and annual unannounced, on-site, and in-person visits for grants over \$250,000.

Section 10 amends Minnesota Statutes 2025 Supplement, section 16B.98, subd. 6a to require financial reconciliation training for staff who are assigned to such duties, and annual reporting from granting agencies to the commissioner of administration on the number of staff who have received grants management training.

Section 11 amends Minnesota Statutes 2024, section 16B.98 to prohibit grantees from hiring a state employee involved in awarding or managing the grant for a period of 12 months after it was awarded.

Section 12 amends Minnesota Statutes 2024, section 16D.03 to require all state agency employees who oversee balances owed to the state to complete training developed by the commissioners of Minnesota Management and Budget and the Department of Revenue to quantify such balances and determine options for collection. The commissioners must establish guidance for state agency staff to follow when collecting balances owed.

Sections 9-12 are effective January 15, 2027.

Section 13 amends Minnesota Statutes 2025 Supplement, section 16D.09, subd. 1 to add language regarding collections efforts. It also replaces inconsequential language in Paragraph D.

Section 13 is effective July 1, 2027.

Assumptions

The Department of Revenue (Revenue) assumes the sections of this bill with no effective date are effective August 1, 2026. Revenue assumes no fiscal impact resulting from this bill because its provisions are either already aligned with the agency's employee code of conduct, are not applicable to any staff at the agency, or can be adopted at no cost.

The Income Tax and Withholding Division (ITW) assumes that existing staff overseeing grants will update processes and procedures to meet the training, reporting, and site visit requirements listed in the bill.

The Internal Audit Division assumes it will follow the guidance issued by Minnesota Management and Budget (MMB) on how to implement Office of the Legislative Auditor (OLA) recommendations related to internal controls. Internal Audit facilitates communication between Revenue and MMB to ensure recommendations, responses, and required actions are aligned and adequately address control gaps.

The Appeals, Legal Services, and Disclosure Division (ALSD) assumes an ITW attorney will review possible procedure trainings and oversight surrounding the VITA grant program. This work will be completed by existing staff.

The Collection Division assumes we will assist MMB in the development of the training mandated for state agency employees who oversee balances owed to the state in section 12 of the bill. Collection assumes this work will be completed by existing staff.

Collection assumes we will be able to provide reason for charging off debt to meet the requirements in section 13 of the bill, which can be completed by existing staff assuming a reasonable level of detail needed to meet this requirement.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: George Drometer

Phone: 651-556-6009

Date: 3/23/2026 10:16:46 AM

Email: george.drometer@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Secretary of State**

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
Total	-	-	-	-	-	-
Biennial Total				-		-

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: Adam Bolling **Date:** 4/1/2026 2:56:32 PM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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			-			-

Bill Description

This bill makes certain changes to agency grants management, inventory, and audit practices. As it relates to the Office of the Secretary of State, lines 1.20 through 1.21 make it a crime for public employees to submit false documents to the legislative auditor and allows for those employees to be dismissed. Lines 2.31 through 3.3 require Office staff with responsibility for maintaining state real and personal property take annual training.

Lines 5.21 through 5.25 require the Office to report credible allegations of fraud regarding a grantee to the commissioner of administration. Lines 6.1 through 6.5 require granting agencies to conduct one site visit for any grant over \$50,000 and an annual site visit for grants over \$250,000. Lines 6.13 through 6.19 require Office staff with responsibility for the financial reconciliation of grants to complete training on financial reconciliations as well.

Lines 6.25 through 6.31 prohibit grantees from hiring state employees involved in awarding or managing the grant.

Lines 7.3 through 7.7 require state agency employees who oversee the collection of funds owed to the state to complete certain training. Lines 7.21 through 7.25 require the Office to report uncollectible debt and collection efforts to the commissioner of management and budget and, pursuant to lines 7.30 through 7.31, to the chairs and ranking minority members of the committee with jurisdiction over the Office’s budget if the debt exceeds more than \$100,000.

Assumptions

The Office of the Secretary of State issues grants when funds are appropriated to the Office for that purpose. Currently, the Office is overseeing the distribution of funds to counties that were provided by the federal government through the Help America Vote Act (HAVA). Those funds were allocated on a population basis. Most counties have already expended those funds, but a few counties have funds remaining. The Office has also been appropriated funds to distribute to 92 different counties and municipalities to improve the accessibility of elections. Those funds must be expended by October 2026. The Office assumes it will not receive any other appropriations that will allow for disbursement of additional funds to a single recipient in the next several years.

Currently, there is one county that has received more than \$250,000 in HAVA funds and has funds remaining and one county that has received more than \$50,000 in HAVA funding that still has funds remaining. There are 12 counties that received less than \$50,000 in HAVA funds that still have funds remaining. The 92 counties and municipalities that received accessibility grants all received less than \$50,000 in funds.

With regard to the HAVA funds, the Office assumes that the county that received more than \$250,000 in funding will expend its remaining funds by 2027, meaning the Office would need to conduct one site visit one site visit in FY 27. The Office further assumes that it will need to make one additional site visit in FY 27 to the remaining county that received more than \$50,000 in funding. This means there would be two in-person visits for HAVA-related grants. The Office assumes that each site visit would last eight hours on average and, in addition to wages and benefits, there would be \$50 in incidental costs (e.g., mileage reimbursement) per site visit. The Office could absorb these costs.

Because the Office is not aware of the training requirements that would be imposed for employees with oversight over inventory, financial reconciliation, or debt collection matters, the Office cannot identify what additional costs this training would impose. Assuming, however, the time requirements are similar to the general grants management training developed under 16B.98, subdivision 6a, the Office believes that it likely could absorb those costs.

Expenditure and/or Revenue Formula

In-person monitoring visits

(FY27)

8 hours of OSS Elections Administration Staff Time per site visit at an average rate of salary and benefits of \$48.15/hour.

$\$48.15 \times 8 \times 2 = \770.40

\$50 in incidental expenses per site visit

$\$50 \times 2 = \100

Total: \$870.40

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

Local governments will incur costs associated with preparing the relevant documentation for site visits and making staff available for those visits.

References/Sources

Justin Erickson, Deputy Secretary of State

justin.erickson@state.mn.us, 651-201-6895

Agency Contact: Adam Hansen (651-201-6870)

Agency Fiscal Note Coordinator Signature: Adam Hansen

Phone: 651-201-6870

Date: 4/1/2026 12:41:32 PM

Email: adam.hansen@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Sentencing Guidelines Comm**

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
Total	-	-	-	-	-	-
Biennial Total				-		-

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: Jim Carlson **Date:** 3/20/2026 3:40:55 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

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			-			-

Bill Description

The bill relates to Legislative auditor recommendations regarding agency grant, inventory, and debt collection practices implementation provision.

Section 1 amends Minn. Stat. § 3.978, subd 3 (Penalties), to add paragraph (c), which clarifies that materials and information provided to the Legislative Auditor are documents, subject to the gross misdemeanor provisions of Minn. Stat. § 609.43 (Misconduct of Public Officer or Employee), which, among other things, prohibits a public officer or employee, acting in that capacity, from making a return, certificate, official report, or other like document having knowledge of its falsity in any material respect.

Section 11 provides hiring limitations where a person who was a state employee must not be hired to work with the grant for 12 months after a grant was awarded. If a grantee violates, the granting agency must immediately terminate the grant, the grantee must repay to the state all money received under the grant, and the grantee must be debarred for a period of 24 months beginning on the first day of the individual's employment with the grantee.

Section 12 provides training and development for state agency employees who oversee balances owed to the state.

Sections 9, 10, 12, and 13 are effective January 15, 2027.

Assumptions

It is assumed that sections other than 9, 10, 12 and 13 are effective the day following final enactment.

It is assumed that section 1 clarifies, but does not alter, the applicability of the gross misdemeanor penalty for violating Minn. Stat. § 609.43. Because there are no new crimes in the bill, it is assumed that there will be no long-term correctional fiscal considerations.

As a small agency, MSGC contracts accounting, budgeting, and human resources services through the Department of Administration's small agency resource team (SmART) at a cost of \$50,000 per fiscal year.

It is assumed that SmART employees and MSGC employees who oversee balances owed to the state will receive proper training at no new cost to MSGC.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Based on the above assumptions, that there are no new crimes in the bill, it is estimated that there will be no long-term correctional impact.

Based on the above assumptions, that SmART employees and MSGC employees who oversee balances owed to the state will receive proper training at no new cost to MSGC, it is estimated that there will be no long-term fiscal impact to MSGC.

Local Fiscal Impact

Unknown.

References/Sources

Minnesota Department of Administration. Small Agency Resource Team (SmART) (retrieved on March 2, 2026, at <https://mn.gov/admin/government/smart/>).

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jill Payne

Date: 3/20/2026 7:40:49 AM

Phone: 651-757-1725

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Supreme Court**

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
Total	-	-	-	-	-	-
Biennial Total			-			-

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: Susan Nelson **Date:** 3/26/2026 1:42:44 PM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

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			-			-

Bill Description

The bill at section 1 amends Minn. Stat. § 3.978, subd. 3 (Penalties), to add a new paragraph (c) providing that materials and information provided to the legislative auditor by public officials or employees are subject to section 609.43.

The bill at section 2 amends Minn. Stat. § 16A.057, subd. 5, regarding the Monitoring Office of the Legislative Auditor audits, requiring that the commissioner regularly provide guidance to executive agencies on how to implement OLA recommendations related to internal controls and must provide technical assistance to agencies that have not implemented OLA recommendations detailed in the annual report.

At section 3 the bill adds a new section 16A.38, Payment Oversight, making payments through a state agency or board to a nongovernmental entity subject to oversight under sections 16B.97 to 16B.991 or sections 16C.001 to 16C.36 subject to certain exceptions.

At section 4 the bill adds a new subdivision 4a to section 16B.24 requiring all state agency employees responsible for maintaining inventory to complete annual training. At sections 5 and 6 the bill amends section 16B.97 by eliminating review of grant management practices, establishment and enforcement of policy and procedure improvements, and establishment of offices for the purpose of grants governance, oversight, and management from the list of the commissioner’s discretionary powers in subdivision 3 and moving such activities to the commissioner’s duties under subdivision 4, and adding the duty of ensuring that executive agencies comply with the training requirements in section 16B.98, subdivision 6a.

The bill at sections 7-11 amends section 16B.98: at subdivision 3, Conflict of interest, to remove permissive language regarding the requirements; by adding a new subdivision 4a requiring the head of a granting agency to report credible allegations of grantee fraud to the commissioner; at subdivision 6 to require granting agencies to conduct unannounced site visits as part of grant administration of certain grants; at subdivision 6a to add additional grant management training requirements; and by adding a new subdivision 15 establishing a 12-month hiring limitation period after a granting agency awards a grant before the grantee can hire an individual who was a state employee involved in awarding or managing the grant and requiring termination of the grant and repayment if the provision is violated.

At section 12 the bill amends section 16D.03 to add a new subdivision 4 requiring training for all state agency employees who oversee balances owed to the state and guidance for collecting balances owed to the state. At section 13 the bill amends section 16D.09 at subdivision 1 to require additional reporting on collection efforts when a state agency determines debt is uncollectible.

Assumptions

Regarding section 1, according to judicial branch data, over the past five years there have been an average of 8 charges filed statewide per year under section 609.43. There were no charges filed under any of the other relevant chapters that

contain criminal provisions.

Given the relatively low criminal case filing rate it is assumed that any increase in criminal or civil case filings as a result of this bill would not have a measurable impact on judicial branch resources.

Expenditure and/or Revenue Formula

The bill is not anticipated to have a significant fiscal impact on the judicial branch.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Anna Borgerding

Phone: 651-297-7579

Date: 3/25/2026 4:33:56 PM

Email: anna.borgerding@courts.state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Transportation Dept**

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
General Fund	-	-	348	503	503	
Total	-	-	348	503	503	
Biennial Total			348			1,006

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1.75	3.5	3.5
Total	-	-	1.75	3.5	3.5

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: Laura Cecko **Date:** 3/24/2026 10:57:11 AM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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	
General Fund	-	-	348	503	503	
Total	-	-	348	503	503	
Biennial Total			348			1,006
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	348	503	503	
Total	-	-	348	503	503	
Biennial Total			348			1,006
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

Information provided to the legislative auditor by public officials or employees is subject to the misconduct policy in section 609.43.

Minnesota Management and Budget must provide guidance and technical assistance to state agencies implementing recommendations from the Office of the Legislative Auditor related to internal controls.

Unless otherwise specified, payments to entities that are not state agencies or political subdivisions are subject to grants management requirements.

State employees responsible for maintaining inventories of state property must complete annual training provided by the Department of Administration.

Reviewing grants management practices and establishing offices for grants oversight are moved from the Department of Administration's Discretionary Powers to Duties.

The Department of Administration is responsible for ensuring compliance with grants management training requirements, reviewing grants management practices at agencies, and enforcing policy or procedure improvements.

State agencies must report any grantee being investigated for fraud to the Department of Administration. The Department of Administration must maintain a list of grantees reported.

Granting agencies must conduct unannounced in-person site visits for grants over \$50,000 and annual in-person unannounced site visits for grants over \$250,000. The Department of Administration may grant exceptions to this requirement. This requirement is effective January 15, 2027.

All state agency staff assigned to conduct financial reconciliations must complete training annually. State agencies must report the number of staff who have taken grants management and financial reconciliation training annually. This is effective January 15, 2027

Grantees must not hire state employees involved in awarding or managing grants for 12 months after the grant or risk repayment and debarment. If a grantee violates this, the granting agency must terminate the grant, the grantee must repay all money received, and the grantee is debarred for 24 months.

State employees who oversee balances owed to the state must complete training.

Uncollectible debt and efforts taken must be reported by agencies quarterly. If no collection effort was made for a debt,

agencies must provide rationale. MMB must notify all legislative committees of the amount of uncollectible debt by agency during the previous fiscal year. This is effective July 1, 2027.

Assumptions

MnDOT assumes annual training required for employees managing property inventories, conducting financial reconciliations, and overseeing balances owed to the state will be less than two hours per year. This can be easily incorporated into existing practices and associated time costs would be absorbed by the agency.

MnDOT assumes expanded reporting requirements related to grantees being investigated for fraud, annual training, and uncollectible debt are easily incorporated into existing practices.

MnDOT administers a wide variety of grant programs with recipients across the state. Grant recipients may be local partners such as townships, cities or counties as in the case of the Local Road Improvement Program or Local Bridge Replacement Program grants. They may be individual schools or districts as in the case of Safe Routes to School non-infrastructure grants. The nature of the diverse programs at the agency makes the impact of site visits difficult to generalize. The sites themselves (miles of roadway, bridge reconstructions, sidewalks, bike racks, etc.) reflect the variety of different grant programs. MnDOT assumes an average time and cost for site visits, but each grant program may be impacted differently.

Though the grant portfolio fluctuates, MnDOT assumes that a point-in-time look at current grants is representative of overall grantmaking at the agency. For illustrative purposes, MnDOT assumes costs associated with this bill will be General Funds. MnDOT grant programs and granting office are funded from a variety of sources including the Trunk Highway Fund, General Fund, State Airport Fund, and others.

Office of Grants Management (OGM) policy requires state agencies to track the performance of grants over \$50,000 through monitoring visits. Policy requires at least one monitoring visit for grants between \$50,000 and \$250,000 and annual monitoring visits for all grants over \$250,000. Monitoring visits may be in-person or virtual.

MnDOT assumes all grants over \$50,000 have been receiving a virtual monitoring visit in alignment with OGM policy.

MnDOT assumes in-person site visits for grants of \$50,000-\$250,000 would require an additional hour of administrative work and four hours of travel to and from the site. MnDOT assumes most grants of this size have a two-year period of performance. To estimate how many site visits would occur in a given year, MnDOT is using half of the number of current active grants of this size.

MnDOT assumes grants over \$250,000 have been receiving an annual virtual monitoring visit. MnDOT assumes annual in-person site visits for grants over \$250,000 would require an additional hour of administrative work, an additional hour for the visit, and four hours of travel to and from the site.

This would result in 7,359 hours of staff time to conduct 1,269 in-person visits annually, as calculated below.

MnDOT grants are managed individually by modal offices. These offices are based at the agency headquarters building in Saint Paul. MnDOT assumes all trips will originate from and conclude at the Transportation Building.

MnDOT assumes additional FTE hired in the individual modal offices would be equivalent to Grant Specialist Coordinator positions. The hourly wage for these positions averages \$41.56, plus an additional 50% to account for related overhead costs including fringe benefits.

MnDOT assumes 3 additional vehicles will need to be purchased for staff traveling to conduct in-person site visits. The average purchase price for an All-Wheel-Drive Hybrid Vehicle is \$35,000. Annual maintenance costs average \$1,800 for these vehicles. MnDOT assumes these vehicles will average 30 miles per gallon.

MnDOT assumes Fleet Cards will be used to purchase fuel for these vehicles. MnDOT assumes the average round trip distance for an in-person site visit is 200 miles. MnDOT assumes an average gas price in Minnesota of \$3.258.

MnDOT assumes staff will be entitled to reimburse one lunch meal each trip at the maximum rate of \$13.

Expenditure and/or Revenue Formula

Staff costs for site visits:

Grant Value	Number of Grants	Time per Grant	Total Time
\$0-\$50K	346	0	0
\$50-\$250K	511 halved to 255 receiving a visit in any given year	5	1,275
\$250K +	1014	6	6,084
Total Grants	1871		7,359

-
7,359/2080 = 3.5 FTE

-
FTE for site visits: 3.5 X \$41.56 X 1.5 overhead X 2080 hours = \$453,835.20

MnDOT assumes these costs and staff time will be halved in FY27, due to the effective date of January 2027.
\$453,835.20/2 = \$226,917.60

Vehicle costs for site visits:

3 vehicles x \$35,000 = \$105,000 one-time purchasing costs

3 vehicles x \$1,800 = \$5,400 annual maintenance costs, halved in the first year to \$2,700

Trip Reimbursement costs for site visits:

1,269 trips each year for in-person site visits

1,269 x 200 miles = 253,800 miles traveled annually

(253,800 miles/30 mpg) X \$3.258 = \$27,562.68 of gas costs annually, halved in the first year

1,269 x 13 = \$16,497 of lunches reimbursed annually, halved in the first year

Costs	Year 1	Year 2	Year 3	Year 4
3.5 FTE	\$217,917.60	\$453,835.20	\$453,835.20	\$453,835.20
Vehicles	\$107,700	\$5,400	\$5,400	\$5,400
Gas + Reimbursements	\$22,029.84	\$44,059.68	\$44,059.68	\$44,059.68
Total	\$347,647.44	\$503,294.88	\$503,294.88	\$503,294.88

Long-Term Fiscal Considerations

Vehicles will need to be replaced at the end of their useful life.

Local Fiscal Impact

As the recipient of MnDOT grants, local units of government may be subject to the required practices of this bill as applicable.

References/Sources

MnDOT Office of Financial Management

MnDOT Office of Maintenance

Agency Contact:

Agency Fiscal Note Coordinator Signature: Catherine Greene

Date: 3/24/2026 10:21:01 AM

Phone: 612-523-2198

Email: catherine.greene@state.mn.us

SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Veterans Affairs Dept**

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
General Fund	-	-	40	40	40	40
Total	-	-	40	40	40	40
Biennial Total			40			80

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.25	.25	.25
Total	-	-	.25	.25	.25

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: Adam Bolling **Date:** 3/21/2026 9:38:09 AM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

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	
General Fund	-	-	40	40	40	
Total	-	-	40	40	40	
Biennial Total			40			80
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	40	40	40	
Total	-	-	40	40	40	
Biennial Total			40			80
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

A bill for an act relating to state government; implementing recommendations of the legislative auditor regarding agency grant, inventory, and debt collection practices; amending Minnesota Statutes 2024, sections 3.978, subdivision 3; 16B.24, by adding a subdivision; 16B.97, subdivisions 3, 4; 16B.98, subdivisions 3, 6, by adding subdivisions; 16D.03, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 16A.057, subdivision 5; 16B.98, subdivision 6a; 16D.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 16A.

Assumptions

The costs reflected in this analysis only address Minnesota Department of Veteran Affairs (MDVA) costs.

1. The costs reflected in this analysis only address Minnesota Department of Veteran Affairs (MDVA) costs.
2. It is estimated that MDVA awards 115 grants per fiscal year. Of those awards, 87 grants are to counties for County Veterans Service Offices, 21 grants are over \$50k, 4 of these grants are over \$250k.
3. It is assumed there will be staff and travel costs to conduct one in person monitoring visit for a grant over \$50k and at least one in person monitoring visit per fiscal year for any grant over \$250k. Each meeting is estimated to take an average of 8.5 hours of staff time: 1 hour to prep, up to 5 hours to travel to/from grantee location, possible hotel accommodations, 1 hour to hold the annual visit, and 1.5 hours to write the monitoring report. Each visit is from the MDVA office location to the grantee location. Grant agreements generally span two years, therefore, the grants over \$250k will require at least two site visits per agreement
 - Unannounced monitoring visits for over \$50K will pose issues for MDVA
 - Several current grantees do NOT have a physical brick and mortar building to visit.
 - Approximately 50% of the unannounced visits would need to be repeated as the grantee may not be available on the first attempt for a visit. We will need at least 1 additional visit.
 - An unannounced visit to areas in Greater MN between 2 and 5 hours away.
 - 21 grants at .725 cents/miles (2850 miles) = \$2,066
 - 11 Additional trips for the 50% of the unannounced visits that would need to be repeated (11 x .725 cents/mile (1,496) = \$1,085)
 - Hotel accommodations - \$1,200 for 2 staff per visit
 - Loss of productivity administrative productivity ((32 grants x 8.5 hrs) x 2 staff = 544 hrs/year Requires .25 FTE.

This includes the one additional attempt for the estimated 50% failed attempts.

Expenditure and/or Revenue Formula

	Quantity	Unit Cost	Per Trip	Total Cost (x2)
Mileage	2,850	\$0.725		\$2,066
Additional Mileage Trips	1,496	\$0.725		\$1,085
Breakfast		\$11	\$22	\$44
Lunch		\$13	\$26	\$52
Dinner		\$19	\$19	\$38
Overnight Lodging	4	\$150	\$300	\$1,200
Total Cost			\$506.00	\$4,485

\$33,500 (FTE) + \$4,485 (travel) + \$1,875 for IT/Computer = \$39,860

	2027	2028	2029
Salary Cost	24,000	24,000	24,000
Fringe	9,500	9,500	9,500
IT Expenses	1,875	1,875	1,875
Total Cost	\$35,375	\$35,375	\$35,375

Long-Term Fiscal Considerations

Ongoing.

Local Fiscal Impact

N/A

References/Sources

Agency Contact: Jon Kelly

Agency Fiscal Note Coordinator Signature: John Lindsey

Date: 3/20/2026 4:33:26 PM

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SF3900 - 1E - Grant Rec. Implement.; Debt Collect. Practices Mod

Chief Author: **Ann Rest**
 Committee: **Judiciary And Public Safety**
 Date Completed: **4/16/2026 8:07:46 AM**
 Agency: **Water and Soil Resources Board**

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
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.1	.08	.08
Total	-	-	.1	.08	.08

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: Jordan Peoples **Date:** 4/2/2026 9:56:12 AM
Phone: 651-296-6044 **Email:** jordan.peoples@lbo.mn.gov

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	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	14	12	12	
Absorbed Costs	-	-	(14)	(12)	(12)	
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill establishes additional expectations for management of grants and other payments. These include:

- Section 1 of the bill modifies MN Statute 3.978, subdivision 3, to specify that materials submitted to the legislative auditor are subject to Minnesota Statute 609.43.
- Section 2 of the bill modifies MN Statute 16A to require the commissioner of Minnesota Management and Budget (MMB) to regularly provide guidance to state agencies on how to implement the Office of Legislative Auditor recommendations related to internal controls and provide technical assistance related to internal controls to agencies that have not implemented the auditor’s recommendations.
- Section 3 of the bill adds language to MN Statute 16A to require additional oversight on appropriations, payments, or other transfers from the state to a nongovernmental entity, by making them subject to the same management requirements found in MN Statutes 16B.97 to 16B.991 or 16C.001 to 16C.36, as applicable.
- Section 4 of the bill amends MN Statute 16B to require annual training for state employees responsible for maintaining an inventory of state real property or state personal property.
- Sections 5, 6, and 7 modify requirements for the commissioner of administration.
- Section 8 of the bill modifies MN Statute 16B to require agencies report any grantee being investigated due to a credible fraud allegation. The bill requires the department of administration to maintain a list of grantees being investigated.
- Section 9 of the bill amends MN Statute 16B.98 to require granting agencies to perform unannounced, on-site, and in-person site visits for grants over \$50,000, and annual unannounced, on-site, and in-person site visits for grants over \$250,000. Exceptions may be approved by the commissioner of administration. This section is effective January 15, 2027.
- Section 10 of the bill modifies MN Statute 16B to: require initial training on grant financial management for state agency staff who conduct this work; require agencies to annually report the number of staff who received grants management and final reconciliation training.
- Section 11 of the bill modifies MN Statute 16B by prohibiting grantees from hiring recent state employees involved in awarding their grant. Violations of this prohibition result in terminating the grant, full grant repayment, and debarment of the grantee for 24 months.
- Sections 12 and 13 of the bill modify MN Statute 16D to require training of quantifying balances and determine collection options for state employees who oversee balances owed to the state. In addition to reporting uncollectible

debt, state agencies are also required to report collection efforts taken. Section 12 is effective on January 15, 2027, and Section 13 is effective on July 1, 2027.

Assumptions

For Section 4 of the bill, BWSR considers the four staff who maintain an inventory of state property as a part of their job. BWSR estimates 1 hour of training per staff person resulting in a total of 4 hours. BWSR anticipates negligible and absorbable fiscal impact for this section.

For Section 8 of the bill, BWSR primarily administers grants to political subdivisions. BWSR anticipates rarely needing to report grantees being investigated due to credible allegation of fraud. BWSR anticipates negligible fiscal impact.

For Section 9 of the bill requiring unannounced site visits (one per grants over \$50,000 and annually for grants over \$250,000): the frequency of visits for these dollar thresholds in the bill is the same as current OGM policy. The major difference is that they must be unannounced and in-person (current OGM policy recommends in-person but leaves telephone visits as an option). Many of BWSR grantees have a limited number of staff who are frequently working in the field. Unannounced visits are likely to result in key grantee staff not being available at that time to complete the site visit and therefore wasted staff time to travel for the visit. BWSR estimates 35% of grants may have at least one visit repeated due to grantee staff not being available, requiring additional staff time. For Section 10 of the bill, BWSR assumes the initial training and annual training thereafter on grant financial management will be a new requirement and would be applicable to our 6 Grants Compliance Specialists. BWSR assumes 2 hours of training per staff person per year.

Section 11 of the bill limits grantees from hiring former state employees. BWSR assumes adding language to our grant agreements to make grantees aware of this new requirement. BWSR does not anticipate a fiscal impact for this requirement.

Sections 12 and 13 of the bill require additional training for staff who oversee balances owed to BWSR and potential debt collection options. BWSR has one staff person responsible for potential debt collection and approximately 30 staff who are involved in grant management and through their efforts may be aware of when money is owed back to BWSR. Depending on the training established by the Department of Revenue, BWSR anticipates 30 employees attending one training that is approximately one hour in length.

Expenditure and/or Revenue Formula

Section 9: BWSR administers an annual average of 221 grants greater than \$250,000 that would require an unannounced in-person site visit annually per proposed changes. Without being able to schedule these visits, we estimate 35% of grants may have at least one visit repeated due to grantee staff not being available, which equates to 77 grants.

Anticipated staff time per grant to travel for visit = 2 hours per grant. BWSR assumes \$150,000/FTE
Total anticipated FTE impacts = 77 grants x 2 hours additional staff time = 154 hours = ~ 0.074 FTE
Total anticipated fiscal impact = 0.074 FTE x \$150,000 = \$11,000/year

Section 10: BWSR employs 6 Grants Compliance Specialists that would be required to attend the initial and annual training on reconciliations.

Anticipated staff time per training session = 2 hours. BWSR assumes \$150,000/FTE
Total anticipated FTE impacts = 6 staff x 2 hours additional staff time = 12 hours = ~ 0.006 FTE
Total anticipated fiscal impact = 0.006 FTE x \$150,000 = ~\$1,000/year

Sections 12: BWSR estimates 30 staff would be required to attend a training to quantify balances and determine options for collection.

Anticipated staff time per training session = 1 hour
BWSR assumes \$150,000/FTE
Total anticipated FTE impacts = 30 staff x 1 hours additional staff time = 30 hours = ~ 0.014 FTE
Total anticipated fiscal impact = 0.014 FTE x \$150,000 = ~ \$2,000 one time

Total FTE = 0.074 + 0.006 + 0.014 (one time) = 0.094 = ~ 0.1 FTE First year/ 0.08 FTE in future years Total Fiscal = \$11,000 + \$1,000 + \$2,000 (one time) = \$14,000 First year/ \$12,000 in future years

Long-Term Fiscal Considerations

BWSR anticipates ongoing expenses for unannounced site visits and on-going training on grant reconciliations.

Local Fiscal Impact

References/Sources

Agency Contact: Mike Nelson

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