

1.1 ..... moves to amend H.F. No. 2963 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 OFFICE OF THE INSPECTOR GENERAL

1.5 Section 1. Minnesota Statutes 2024, section 3.97, subdivision 1, is amended to read:

1.6 Subdivision 1. **Policy.** Continuous legislative review of the spending of public funds  
1.7 and financing at all levels of government is required in the public interest to enable the  
1.8 enactment of appropriate legislation. Fraud, misuse, and other unlawful uses of public funds  
1.9 are unacceptable and must be prevented. If fraud, misuse, or other unlawful use of public  
1.10 funds occurs, it must be promptly identified and prosecuted to the fullest extent of the law.

1.11 Sec. 2. Minnesota Statutes 2024, section 3.97, is amended by adding a subdivision to read:

1.12 Subd. 3c. **Complementary.** The commission must ensure that the work of the inspector  
1.13 general is complementary to, and not duplicative of, that of the legislative auditor.

1.14 Sec. 3. Minnesota Statutes 2024, section 3.97, is amended by adding a subdivision to read:

1.15 Subd. 3d. **Executive secretaries.** The legislative auditor and the inspector general are  
1.16 the executive secretaries of the commission.

1.17 Sec. 4. Minnesota Statutes 2024, section 3.971, subdivision 1, is amended to read:

1.18 Subdivision 1. **Appointment and term.** ~~The legislative auditor is the executive secretary~~  
1.19 ~~of the commission.~~ The legislative auditor shall be appointed by the commission for a  
1.20 six-year term and serve in the unclassified service. When in office, the legislative auditor  
1.21 may not at any time hold any other public office. The legislative auditor may not be removed  
1.22 from office before the expiration of the term of service except for cause after public hearing.

2.1 Sec. 5. Minnesota Statutes 2024, section 3.971, subdivision 9, is amended to read:

2.2 Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial,  
2.3 or information officers of an organization subject to audit under this section must promptly  
2.4 notify the legislative auditor when the officer obtains information indicating that (1) public  
2.5 money or other public resources may have been used for an unlawful purpose, or ~~when the~~  
2.6 ~~officer obtains information indicating that (2) government data classified by chapter 13 as~~  
2.7 not public may have been accessed by or provided to a person without lawful authorization.  
2.8 The legislative auditor must notify and coordinate with the inspector general when the  
2.9 legislative auditor receives a credible notification under clause (1) that is within the inspector  
2.10 general's authority. As necessary, the legislative auditor shall coordinate an investigation  
2.11 of the allegation with appropriate law enforcement officials.

2.12 Sec. 6. **[3.99] DEFINITIONS.**

2.13 Subdivision 1. **Application.** For purposes of sections 3.991 to 3.998, the following terms  
2.14 have the meanings given.

2.15 Subd. 2. **Agency.** "Agency" means any entity subject to audit under section 3.971,  
2.16 subdivision 6, or section 3.972, subdivision 2.

2.17 Subd. 3. **Fraud.** "Fraud" means an intentional or deceptive act, or failure to act, to gain  
2.18 an unlawful benefit.

2.19 Subd. 4. **Inspector general.** "Inspector general" means the person appointed under  
2.20 section 3.991 or an employee of the office designated by the inspector general.

2.21 Subd. 5. **Investigation.** "Investigation" means a proceeding or inquiry by the office  
2.22 concerning a provider or recipient of state-funded services.

2.23 Subd. 6. **Misuse.** "Misuse" means the improper use of authority or position for personal  
2.24 gain or to cause harm to others, including the improper use of public resources or programs  
2.25 contrary to their intended purpose.

2.26 Subd. 7. **Office.** "Office" means the Office of the Inspector General.

2.27 Subd. 8. **Personal gain.** "Personal gain" means a benefit to a person; a person's spouse,  
2.28 parent, child, or other legal dependent; or an in-law of the person or the person's child.

2.29 Subd. 9. **Program.** "Program" or "state program" means any program fully or partially  
2.30 administered or fully or partially funded by the state.

2.31 Subd. 10. **Recipient of state funds.** "Recipient of state funds" means any entity or  
2.32 person, including associated persons, that receives, disburses, or has custody of funds or

3.1 other resources transferred or disbursed under a program. Recipient of state funds includes  
3.2 but is not limited to a private person or entity currently or formerly under contract with the  
3.3 state to provide benefits, goods, or services to eligible recipients.

3.4 **Sec. 7. [3.991] OFFICE OF THE INSPECTOR GENERAL.**

3.5 Subdivision 1. **Establishment.** The Office of the Inspector General is established in the  
3.6 legislative branch under the direction of the inspector general. The inspector general reports  
3.7 to the Legislative Audit Commission but may independently initiate investigations and  
3.8 allocate the resources of the office to effectively achieve the purpose in subdivision 2.

3.9 Subd. 2. **Purpose.** The inspector general must investigate and combat suspected fraud,  
3.10 misuse, and other unlawful uses of public funds in state government with a focus on the  
3.11 providers and recipients of state-funded services.

3.12 Subd. 3. **Inspector general appointment; term.** The Legislative Audit Commission  
3.13 must appoint an inspector general to serve for a five-year term. When in office, the inspector  
3.14 general may not at any time hold another public office. The commission may not remove  
3.15 an inspector general from office before the expiration of the term of service except for cause  
3.16 after public hearing.

3.17 Subd. 4. **Minimum qualifications.** (a) To be eligible for appointment as inspector  
3.18 general, a candidate must:

3.19 (1) have a bachelor's degree or higher in criminal justice, public administration, law, or  
3.20 a related field;

3.21 (2) have at least ten years of professional experience in auditing, investigations, law  
3.22 enforcement, or a related area;

3.23 (3) hold at the time of appointment, or be required by the commission to obtain within  
3.24 a time certain of appointment, appropriate certification from the Association of Inspectors  
3.25 General; and

3.26 (4) demonstrate a commitment to safeguarding public resources and disclose any prior  
3.27 professional opinion, position, or action that may influence the candidate's approach to the  
3.28 role.

3.29 (b) Current or former commissioners, agency heads, deputy agency heads, governors,  
3.30 or legislators are not eligible to serve as inspector general within five years of their service  
3.31 in those roles.

4.1 Subd. 5. Conflicts of interest; code of ethics. The inspector general, deputy inspector  
4.2 general, assistant inspectors general, and all other employees of the office are public officials  
4.3 for purposes of the conflict of interest and statement of economic interest requirements in  
4.4 chapter 10A and are subject to the code of ethics in section 43A.38 where applicable.

4.5 Subd. 6. Staff; compensation. (a) The inspector general must appoint a deputy inspector  
4.6 general, with the approval of the commission, for a term coterminous with the inspector  
4.7 general's term. The deputy inspector general may be removed by the commission or the  
4.8 inspector general before the expiration of the deputy's term only for cause. The inspector  
4.9 general and deputy inspector general may each appoint an administrative support specialist  
4.10 to serve at pleasure. The deputy inspector general may perform and exercise the powers,  
4.11 duties, and responsibilities imposed by law on the inspector general when authorized by  
4.12 the inspector general.

4.13 (b) The inspector general must hire assistant inspectors general and other staff as required,  
4.14 in the inspector general's estimation, to administer sections 3.991 to 3.998 and other relevant  
4.15 law.

4.16 (c) The inspector general, deputy inspector general, and their administrative support  
4.17 specialists serve in the unclassified service. All other employees of the office serve in the  
4.18 classified service.

4.19 (d) Notwithstanding section 43A.32, subdivision 3, or any other law to the contrary, an  
4.20 employee of the Office of the Inspector General is prohibited from being a candidate for a  
4.21 partisan elected public office.

4.22 **Sec. 8. [3.992] DUTIES.**

4.23 The inspector general must:

4.24 (1) provide general direction and leadership for the office and its staff;

4.25 (2) physically embed assistant inspectors general, and other staff as determined by the  
4.26 inspector general, within the Departments of Children, Youth, and Families; Corrections;  
4.27 Education; Employment and Economic Development; Health; Human Services; and Labor  
4.28 and Industry;

4.29 (3) develop and maintain a website and telephone hotline for state agency staff and the  
4.30 public to report suspected fraud, misuse, or other unlawful use of public funds in state  
4.31 programs, and to do so anonymously if they so choose;

5.1 (4) establish policies and procedures for evaluating and consistently responding to each  
5.2 tip received under clause (3);

5.3 (5) notify and coordinate with the legislative auditor when the inspector general receives  
5.4 a credible report of suspected fraud, misuse, or other unlawful use of public funds that is  
5.5 within the legislative auditor's authority;

5.6 (6) establish and maintain policies and procedures for conducting investigations;

5.7 (7) report suspected fraud, misuse, or other unlawful use of public funds to the appropriate  
5.8 law enforcement entity and cooperate with law enforcement to assist any investigation and  
5.9 subsequent civil or criminal adjudication;

5.10 (8) perform enhanced legislative oversight of state grantmaking as provided in section  
5.11 3.994; and

5.12 (9) exercise the powers under section 3.993 and all other incidental powers reasonably  
5.13 necessary to implement and administer sections 3.991 to 3.998 and other applicable law.

5.14 The inspector general must submit policies to the Legislative Audit Commission for review  
5.15 at least 30 days prior to adoption or substantial revision. Procedures developed by the  
5.16 inspector general under clauses (4) and (6) are nonpublic data.

5.17 **Sec. 9. [3.993] POWERS.**

5.18 Notwithstanding any law to the contrary, the inspector general may exercise the following  
5.19 powers as necessary to conduct investigations and achieve the purpose of sections 3.991 to  
5.20 3.998:

5.21 (1) subpoena witnesses, administer oaths or affirmations, take testimony, and compel  
5.22 the production of the data specified under section 3.997 as the inspector general deems  
5.23 necessary for purposes of an investigation;

5.24 (2) recommend that the commissioner of administration for state grants, or the  
5.25 commissioner of management and budget for all other state funds, impose, in consultation  
5.26 with law enforcement, appropriate temporary sanctions including the withholding of payment  
5.27 to a recipient of state funds, if:

5.28 (i) the inspector general determines there is credible indicia of fraud, misuse, or other  
5.29 unlawful use of public funds by the recipient;

5.30 (ii) there was a criminal, civil, or administrative adjudication of fraud, misuse, or other  
5.31 unlawful use of public funds against the recipient in Minnesota or in another state or  
5.32 jurisdiction;

6.1 (iii) the recipient was receiving funds under any contract or registered in any program  
6.2 administered by another Minnesota state agency, a government agency in another state, or  
6.3 a federal agency, and was under investigation or excluded from that contract or program  
6.4 for reasons credibly indicating fraud, misuse, or other unlawful use of public funds by the  
6.5 recipient; or

6.6 (iv) the recipient demonstrates a pattern of noncompliance with an investigation.

6.7 When the inspector general makes a recommendation under this clause, the inspector general  
6.8 must immediately notify the Legislative Audit Commission;

6.9 (3) recommend actions to be taken by an agency to prevent fraud, misuse, and other  
6.10 unlawful uses of public funds;

6.11 (4) require agencies to provide suitable office space and facilities access for inspector  
6.12 general staff physically embedded within the agency; and

6.13 (5) monitor the implementation of requirements and recommendations issued by the  
6.14 office.

6.15 **Sec. 10. [3.994] ENHANCED OVERSIGHT OF STATE GRANTMAKING.**

6.16 The inspector general must provide enhanced legislative oversight of state grantmaking,  
6.17 including but not limited to:

6.18 (1) monitoring the commissioner of administration's development and implementation  
6.19 of policies under sections 16B.97 to 16B.991, and providing formal recommendations to  
6.20 the commissioner of administration and the Legislative Audit Commission;

6.21 (2) monitoring the commissioner of administration's suspension or debarment of grantees  
6.22 under section 16B.97, subdivision 3, clause (6), and recommending to the commissioner  
6.23 the suspension or debarment of specific grantees as necessary, in the inspector general's  
6.24 judgment, to prevent or minimize fraud, misuse, and other unlawful uses of public funds.  
6.25 When the inspector general makes a recommendation to the commissioner of administration  
6.26 under this clause, the inspector general must immediately report to the Legislative Audit  
6.27 Commission; and

6.28 (3) monitoring the commissioner of administration's receipt and disposition of comments  
6.29 under section 16B.97, subdivision 4, clause (6), concerning alleged state agency violations  
6.30 of state grants management policies and fraud, misuse, or other unlawful use of state funds  
6.31 in grant programs.

7.1 Sec. 11. [3.995] DATA PRACTICES.

7.2 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have  
7.3 the meanings given.

7.4 (b) "Confidential data on individuals" has the meaning given in section 13.02, subdivision  
7.5 3.

7.6 (c) "Government entity" has the meaning given in section 13.02, subdivision 7a.

7.7 (d) "Nonpublic data" has the meaning given in section 13.02, subdivision 9.

7.8 (e) "Not public data" has the meaning given in section 13.02, subdivision 8a.

7.9 (f) "Private data on individuals" has the meaning given in section 13.02, subdivision 12.

7.10 (g) "Protected nonpublic data" has the meaning given in section 13.02, subdivision 13.

7.11 Subd. 2. Government Data Practices Act. The inspector general is a government entity  
7.12 and is subject to the Government Data Practices Act, chapter 13.

7.13 Subd. 3. Access. In order to perform the duties under sections 3.991 to 3.998, the inspector  
7.14 general shall have access to data of any classification, including data classified as not public  
7.15 data. It is not a violation of chapter 13 or any other statute classifying government data as  
7.16 not public data if a government entity provides data pursuant to a subpoena issued under  
7.17 sections 3.991 to 3.998.

7.18 Subd. 4. Dissemination. The inspector general may disseminate data of any classification,  
7.19 including not public data, to:

7.20 (1) a government entity, other than a law enforcement agency or prosecuting authority,  
7.21 if the dissemination of the data aids a pending investigation or administrative action;

7.22 (2) a law enforcement agency or prosecuting authority if there is reason to believe that  
7.23 the data are evidence of criminal activity within the agency's or authority's jurisdiction; or

7.24 (3) the legislative auditor under section 3.992, clause (5).

7.25 Subd. 5. Data classifications. (a) Notwithstanding any other law, data relating to an  
7.26 investigation conducted under sections 3.991 to 3.998 are confidential data on individuals  
7.27 or protected nonpublic data while the investigation is active. Whether an investigation is  
7.28 active shall be determined by the inspector general.

7.29 (b) Data relating to an investigation conducted under sections 3.991 to 3.998 become  
7.30 public data upon the inspector general's completion of the investigation, unless:

8.1 (1) the release of the data would jeopardize another active investigation by the inspector  
8.2 general or another government entity;

8.3 (2) the inspector general reasonably believes the data will be used in litigation related  
8.4 to any civil, criminal, or administrative actions, including reconsideration or appeal of any  
8.5 such action; or

8.6 (3) the data are classified as not public under another statute or paragraph (e).

8.7 (c) Data subject to paragraph (b), clause (2), are confidential data on individuals or  
8.8 protected nonpublic data and become public when the litigation has been completed or is  
8.9 no longer being actively pursued.

8.10 (d) Unless the data are subject to a more restrictive classification, upon the inspector  
8.11 general's decision to no longer actively pursue an investigation under sections 3.991 to  
8.12 3.998, data relating to an investigation are private data on individuals or nonpublic data  
8.13 except the following data are public:

8.14 (1) data relating to the investigation's general description, existence, status, and  
8.15 disposition; and

8.16 (2) data that document the inspector general's work.

8.17 (e) Inactive investigative data on an individual supplying information for an investigation  
8.18 that could reasonably be used to determine the individual's identity are private data on  
8.19 individuals if the information supplied was needed for the investigation and would not have  
8.20 been provided to the inspector general without an assurance to the individual that the  
8.21 individual's identity would remain private.

8.22 (f) Data relating to an investigation conducted under sections 3.991 to 3.998 that are  
8.23 obtained from an entity that is not a government entity have the same classification that the  
8.24 data would have if obtained from a government entity.

8.25 Subd. 6. **Privileges.** Nothing in this section or section 3.997 requires the disclosure of  
8.26 documents or information that is legally privileged under statute or other law, including  
8.27 documents or information subject to section 13.393 or 595.02.

8.28 Sec. 12. **[3.997] DUTY TO AID INSPECTOR GENERAL; PENALTIES.**

8.29 Subdivision 1. **Duty to aid.** All public officials and their deputies and employees, and  
8.30 all corporations, firms, and individuals having business involving the receipt, disbursement,  
8.31 or custody of public funds must at all times:

8.32 (1) afford reasonable facilities for examination by the inspector general;



- 9.1 (2) provide returns and reports required by the inspector general;
- 9.2 (3) attend and answer under oath the inspector general's lawful inquiries;
- 9.3 (4) produce and exhibit all books, accounts, documents, data of any classification, and
- 9.4 property that the inspector general requests to inspect; and
- 9.5 (5) in all things cooperate with the inspector general.

9.6 Subd. 2. **Penalties.** (a) If a person refuses or neglects to obey any lawful direction of

9.7 the inspector general or withholds any information, data, book, record, paper, or other

9.8 document called for by the inspector general for the purpose of examination, after having

9.9 been lawfully required by order or subpoena, upon application by the inspector general, a

9.10 judge of the district court in the county where the order or subpoena was made returnable

9.11 must compel obedience or punish disobedience as for contempt, as in the case of a similar

9.12 order or subpoena issued by the court.

9.13 (b) A person who swears falsely to the inspector general concerning any matter stated

9.14 under oath is guilty of a gross misdemeanor.

9.15 **Sec. 13. [3.9975] PROFESSIONAL STANDARDS AND REVIEW.**

9.16 (a) The inspector general's activities must adhere to professional standards as promulgated

9.17 by the Association of Inspectors General or other recognized bodies.

9.18 (b) The legislative audit commission may periodically contract for an external quality

9.19 assurance review of the inspector general and must make findings from the review public.

9.20 **Sec. 14. [3.998] REPORTING REQUIRED.**

9.21 (a) When the inspector general documents the existence of suspected fraud, misuse, or

9.22 other unlawful use of public funds in an agency or program administered by an agency, the

9.23 inspector general must quantify the amount of suspected fraud, misuse, and other unlawful

9.24 use of public funds and report this amount to the Legislative Audit Commission and the

9.25 chairs and ranking minority members of the legislative committees with jurisdiction over

9.26 the agency's operating budget.

9.27 (b) By December 1, 2026, and by each December 1 thereafter, the inspector general

9.28 must submit a report to the Legislative Audit Commission summarizing its activities for

9.29 the past calendar year. The report must include but is not limited to:

9.30 (1) summary data, as defined in section 13.02, subdivision 19, for all reports or tips

9.31 received, disaggregated by type of allegation, agency or program at issue, and disposition;

10.1 (2) the number of investigations conducted during the past calendar year; and

10.2 (3) for all investigations closed during the past calendar year, a list of the state agencies  
10.3 and programs investigated and summary information regarding each investigation's findings,  
10.4 actions taken by the inspector general as a result of those findings, and known outcomes.

10.5 **Sec. 15. [15.442] DETECTION AND PREVENTION OF FRAUD AND OTHER**  
10.6 **MISUSES OF PUBLIC FUNDS.**

10.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
10.8 the meanings given.

10.9 (b) "Agency" has the meaning given in section 3.99.

10.10 (c) "Obligated officer" means an agency's:

10.11 (1) chief executive officer;

10.12 (2) deputy and assistant chief executive officers;

10.13 (3) chief administrative, chief financial, chief information, and chief investigative officers;

10.14 (4) heads of divisions, bureaus, departments, institutes, or other such organizational  
10.15 units; and

10.16 (5) where applicable, board chair.

10.17 Subd. 2. **Suspected fraud or other misuse.** Notwithstanding any law to the contrary,  
10.18 if an obligated officer finds or receives credible indicia of fraud, misuse, or other unlawful  
10.19 use of public funds in a grant program or other program administered by the agency, the  
10.20 agency must:

10.21 (1) report to the appropriate law enforcement entity;

10.22 (2) report to the inspector general or the legislative auditor under section 609.456;

10.23 (3) fully cooperate with law enforcement and the inspector general, including but not  
10.24 limited to assisting in any investigation and subsequent civil or criminal adjudication; and

10.25 (4) if approved or directed by law enforcement, stop payment, increase oversight, or  
10.26 take other action necessary to prevent further suspected fraud or misuse of public funds in  
10.27 the program.

10.28 Subd. 3. **Identification of fraud reporting tools.** (a) The commissioner or other chief  
10.29 executive officer of each agency must prominently highlight on the agency's website the

11.1 fraud reporting tools administered by the Office of the Inspector General and the Office of  
11.2 the Legislative Auditor under chapter 3.

11.3 (b) As part of any grant agreement between the state and a nonprofit organization, the  
11.4 agreement must require the nonprofit organization to prominently highlight on the  
11.5 organization's website the fraud reporting tools administered by the Office of the Inspector  
11.6 General and the Office of the Legislative Auditor under chapter 3. The state agency  
11.7 administering the grant must regularly confirm and document the organization's compliance  
11.8 with the requirement under this paragraph for the life of the grant agreement.

11.9 Sec. 16. Minnesota Statutes 2024, section 609.456, subdivision 2, is amended to read:

11.10 Subd. 2. **Legislative auditor or inspector general.** Whenever an employee or officer  
11.11 of the state, University of Minnesota, or other organization listed in section 3.971, subdivision  
11.12 6, discovers evidence of fraud, theft, embezzlement, or other unlawful use of public funds  
11.13 or property, the employee or officer shall, ~~except when to do so would knowingly impede~~  
11.14 ~~or otherwise interfere with an ongoing criminal investigation,~~ promptly report in writing to  
11.15 the legislative auditor or inspector general a detailed description of the alleged incident or  
11.16 incidents.

11.17 Sec. 17. **APPROPRIATION.**

11.18 \$..... in fiscal year 2026 and \$..... in fiscal year 2027 are appropriated from the general  
11.19 fund to the inspector general for purposes of this act.

11.20 Sec. 18. **APPROPRIATION.**

11.21 \$..... in fiscal year 2026 and \$..... in fiscal year 2027 are appropriated from the general  
11.22 fund to the legislative auditor. The amount each year is in addition to the legislative auditor's  
11.23 base general fund budget.

11.24 Sec. 19. **EFFECTIVE DATE.**

11.25 This article is effective July 1, 2025.

## ARTICLE 2

## CONFORMING ITEMS AND REPEALERS

12.1  
12.2  
12.3 Section 1. Minnesota Statutes 2024, section 3.855, subdivision 3, is amended to read:

12.4 Subd. 3. **Other salary and compensation ~~plan~~ plans.** The commission shall review  
12.5 and approve or reject the plan for compensation, terms, and conditions of employment of  
12.6 classified employees in the office of the legislative auditor under section 3.971, subdivision  
12.7 2, and a plan for compensation, terms, and conditions of employment for classified employees  
12.8 of the Office of the Inspector General under section 3.991, subdivision 6.

12.9 Sec. 2. Minnesota Statutes 2024, section 16B.98, subdivision 8, is amended to read:

12.10 Subd. 8. **Audit.** (a) A grant agreement made by an executive agency must include an  
12.11 audit clause that provides that the books, records, documents, and accounting procedures  
12.12 and practices of the grantee or other party that are relevant to the grant or transaction are  
12.13 subject to examination by the commissioner, the granting agency, the inspector general,  
12.14 and either the legislative auditor or the state auditor, as appropriate, for a minimum of six  
12.15 years from the grant agreement end date, receipt and approval of all final reports, or the  
12.16 required period of time to satisfy all state and program retention requirements, whichever  
12.17 is later. If a grant agreement does not include an express audit clause, the audit authority  
12.18 under this subdivision is implied.

12.19 (b) If the granting agency is a local unit of government, and the governing body of the  
12.20 local unit of government requests that the state auditor examine the books, records,  
12.21 documents, and accounting procedures and practices of the grantee or other party according  
12.22 to this subdivision, the granting agency shall be liable for the cost of the examination. If  
12.23 the granting agency is a local unit of government, and the grantee or other party requests  
12.24 that the state auditor examine all books, records, documents, and accounting procedures  
12.25 and practices related to the grant, the grantee or other party that requested the examination  
12.26 shall be liable for the cost of the examination.

12.27 Sec. 3. Minnesota Statutes 2024, section 142B.53, is amended to read:

12.28 **142B.53 MANDATORY REPORTING.**

12.29 Any individual engaging in licensing functions and activities under this chapter, including  
12.30 authorities delegated under section 142B.30, must immediately report any suspected fraud  
12.31 to county children, youth, and families investigators or the Department of Children, Youth,

13.1 and Families Office of Inspector General or the Office of the Inspector General under section  
13.2 3.991.

13.3 Sec. 4. Minnesota Statutes 2024, section 245A.24, is amended to read:

13.4 **245A.24 MANDATORY REPORTING.**

13.5 Any individual engaging in licensing functions and activities under this chapter, including  
13.6 authorities delegated under section 245A.16, must immediately report any suspected fraud  
13.7 to county human services investigators or the Department of Human Services Office of  
13.8 Inspector General or the Office of the Inspector General under section 3.991.

13.9 Sec. 5. Minnesota Statutes 2024, section 268.19, subdivision 1, is amended to read:

13.10 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from  
13.11 any person under the administration of the Minnesota Unemployment Insurance Law are  
13.12 private data on individuals or nonpublic data not on individuals as defined in section 13.02,  
13.13 subdivisions 9 and 12, and may not be disclosed except according to a district court order  
13.14 or section 13.05. A subpoena is not considered a district court order. These data may be  
13.15 disseminated to and used by the following agencies without the consent of the subject of  
13.16 the data:

13.17 (1) state and federal agencies specifically authorized access to the data by state or federal  
13.18 law;

13.19 (2) any agency of any other state or any federal agency charged with the administration  
13.20 of an unemployment insurance program;

13.21 (3) any agency responsible for the maintenance of a system of public employment offices  
13.22 for the purpose of assisting individuals in obtaining employment;

13.23 (4) the public authority responsible for child support in Minnesota or any other state in  
13.24 accordance with section 518A.83;

13.25 (5) human rights agencies within Minnesota that have enforcement powers;

13.26 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
13.27 laws;

13.28 (7) public and private agencies responsible for administering publicly financed assistance  
13.29 programs for the purpose of monitoring the eligibility of the program's recipients;

14.1 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the  
14.2 Department of Commerce for uses consistent with the administration of their duties under  
14.3 Minnesota law;

14.4 (9) the Department of Human Services and the Office of Inspector General and its agents  
14.5 within the Department of Human Services, including county fraud investigators, for  
14.6 investigations related to recipient or provider fraud and employees of providers when the  
14.7 provider is suspected of committing public assistance fraud;

14.8 (10) the Department of Human Services for the purpose of evaluating medical assistance  
14.9 services and supporting program improvement;

14.10 (11) local and state welfare agencies for monitoring the eligibility of the data subject  
14.11 for assistance programs, or for any employment or training program administered by those  
14.12 agencies, whether alone, in combination with another welfare agency, or in conjunction  
14.13 with the department or to monitor and evaluate the statewide Minnesota family investment  
14.14 program and other cash assistance programs, the Supplemental Nutrition Assistance Program,  
14.15 and the Supplemental Nutrition Assistance Program Employment and Training program by  
14.16 providing data on recipients and former recipients of Supplemental Nutrition Assistance  
14.17 Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child  
14.18 care assistance under chapter 142E, or medical programs under chapter 256B or 256L or  
14.19 formerly codified under chapter 256D;

14.20 (12) local and state welfare agencies for the purpose of identifying employment, wages,  
14.21 and other information to assist in the collection of an overpayment debt in an assistance  
14.22 program;

14.23 (13) local, state, and federal law enforcement agencies for the purpose of ascertaining  
14.24 the last known address and employment location of an individual who is the subject of a  
14.25 criminal investigation;

14.26 (14) the United States Immigration and Customs Enforcement has access to data on  
14.27 specific individuals and specific employers provided the specific individual or specific  
14.28 employer is the subject of an investigation by that agency;

14.29 (15) the Department of Health for the purposes of epidemiologic investigations;

14.30 (16) the Department of Corrections for the purposes of case planning and internal research  
14.31 for preprobation, probation, and postprobation employment tracking of offenders sentenced  
14.32 to probation and preconfinement and postconfinement employment tracking of committed  
14.33 offenders;

15.1 (17) the state auditor to the extent necessary to conduct audits of job opportunity building  
15.2 zones as required under section 469.3201;

15.3 (18) the Office of Higher Education for purposes of supporting program improvement,  
15.4 system evaluation, and research initiatives including the Statewide Longitudinal Education  
15.5 Data System; ~~and~~

15.6 (19) the Family and Medical Benefits Division of the Department of Employment and  
15.7 Economic Development to be used as necessary to administer chapter 268B; and

15.8 (20) the Office of the Inspector General for the purposes of an investigation conducted  
15.9 under section 3.991.

15.10 (b) Data on individuals and employers that are collected, maintained, or used by the  
15.11 department in an investigation under section 268.182 are confidential as to data on individuals  
15.12 and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3  
15.13 and 13, and must not be disclosed except under statute or district court order or to a party  
15.14 named in a criminal proceeding, administrative or judicial, for preparation of a defense.

15.15 (c) Data gathered by the department in the administration of the Minnesota unemployment  
15.16 insurance program must not be made the subject or the basis for any suit in any civil  
15.17 proceedings, administrative or judicial, unless the action is initiated by the department.

15.18 Sec. 6. Minnesota Statutes 2024, section 268B.30, is amended to read:

15.19 **268B.30 DATA PRIVACY.**

15.20 (a) Except as provided by this section, data collected, created, or maintained under this  
15.21 chapter are private data on individuals or nonpublic data not on individuals as defined in  
15.22 section 13.02, subdivisions 9 and 12, and must not be disclosed except according to a district  
15.23 court order or section 13.05. A subpoena is not considered a district court order.

15.24 (b) Data classified under paragraph (a) may be disseminated to and used by the following  
15.25 without the consent of the subject of the data:

15.26 (1) state and federal agencies specifically authorized access to the data by state or federal  
15.27 law;

15.28 (2) the unemployment insurance division, to the extent necessary to administer the  
15.29 programs established under this chapter and chapter 268;

15.30 (3) employers, to the extent necessary to support adjudication of application requests  
15.31 and to support the employer's administration of a leave of absence;

16.1 (4) health care providers, to the extent necessary to support verification of health care  
16.2 conditions and qualifying events;

16.3 (5) the public authority responsible for child support in Minnesota or any other state in  
16.4 accordance with section 518A.83;

16.5 (6) human rights agencies within Minnesota that have enforcement powers;

16.6 (7) the Department of Revenue, to the extent necessary for its duties under Minnesota  
16.7 laws;

16.8 (8) public and private agencies responsible for administering publicly financed assistance  
16.9 programs for the purpose of monitoring the eligibility of the program's recipients;

16.10 (9) the Department of Labor and Industry and the Commerce Fraud Bureau in the  
16.11 Department of Commerce for uses consistent with the administration of their duties under  
16.12 Minnesota law;

16.13 (10) the Department of Human Services and the Office of the Inspector General and its  
16.14 agents within the Department of Human Services, including county fraud investigators, for  
16.15 investigations related to recipient or provider fraud and employees of providers when the  
16.16 provider is suspected of committing public assistance fraud;

16.17 (11) the Department of Public Safety for support in identity verification;

16.18 (12) local, state, and federal law enforcement agencies for the purpose of ascertaining  
16.19 the last known address and employment location of an individual who is the subject of a  
16.20 criminal investigation;

16.21 (13) the Department of Health for the purposes of epidemiologic investigations;

16.22 (14) the Department of Corrections for the purposes of tracking incarceration of  
16.23 applicants; ~~and~~

16.24 (15) contracted third parties, to the extent necessary to aid in identity verification,  
16.25 adjudication, administration, and evaluation of the program-; and

16.26 (16) the Office of the Inspector General for the purposes of an investigation conducted  
16.27 under section 3.991.

16.28 (c) Data on individuals and employers that are collected, maintained, or used by the  
16.29 department in an investigation under section 268B.19, 268B.21, 268B.22, or 268B.23 are  
16.30 confidential as to data on individuals and protected nonpublic data not on individuals as  
16.31 defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under



17.1 statute or district court order or to a party named in a criminal proceeding, administrative  
17.2 or judicial, for preparation of a defense.

17.3 (d) Data gathered by the department in the administration of this chapter must not be  
17.4 made the subject or the basis for any suit in any civil proceedings, administrative or judicial,  
17.5 unless the action is initiated by the department.

17.6 **Sec. 7. EXISTING DUTIES ABOLISHED; TRANSFERS PROVIDED.**

17.7 Subdivision 1. Duties abolished. Except as provided in subdivision 3, duties pertaining  
17.8 to the investigation of fraud, misuse, and other unlawful use of public funds in the Offices  
17.9 of Inspector General in the Departments of Education; Human Services; and Children,  
17.10 Youth, and Families are abolished effective the day after the inspector general under  
17.11 Minnesota Statutes, section 3.991, certifies in writing to the commissioner of the respective  
17.12 department and the commissioner of management and budget that the inspector general has  
17.13 assumed responsibility for these duties.

17.14 Subd. 2. Inspector general transfers. Pursuant to Minnesota Statutes, section 15.039,  
17.15 all active investigations, obligations, court actions, contracts, records, personnel, and  
17.16 unexpended funds shall transfer from each department in subdivision 1 to the inspector  
17.17 general under Minnesota Statutes, section 3.991, except as provided by the inspector general  
17.18 or as provided in subdivision 3.

17.19 Subd. 3. Exceptions. (a) Positions in the following divisions and teams in the Department  
17.20 of Human Services do not transfer to the Office of the Inspector General:

17.21 (1) the background studies division;

17.22 (2) the licensing division;

17.23 (3) the enterprise operations and policy division;

17.24 (4) the legal counsel's office;

17.25 (5) the data services, analytics, and insights division;

17.26 (6) the Medicaid program integrity team within the program integrity oversight division;

17.27 (7) the Medicaid provider audits and investigations team within the program integrity  
17.28 oversight division; and

17.29 (8) functions of the fraud prevention investigations team in the program integrity oversight  
17.30 division pertaining to Medicaid and MinnesotaCare.

18.1 (b) No employees or positions in the Department of Corrections are transferred under  
18.2 this section.

18.3 (c) No employees or positions in the student maltreatment program of the Department  
18.4 of Education or other Department of Education employees or positions dedicated to student  
18.5 maltreatment investigations under Minnesota Statutes, chapter 260E, are transferred under  
18.6 this section.

18.7 (d) Positions in the following divisions and teams in the Department of Children, Youth,  
18.8 and Families do not transfer to the Office of the Inspector General:

18.9 (1) the licensing functions under Minnesota Statutes, chapter 142B;

18.10 (2) the certification functions under Minnesota Statutes, chapter 142C;

18.11 (3) the child care assistance program integrity functions under Minnesota Statutes,  
18.12 chapter 142E;

18.13 (4) the food support and antipoverty programs performing recipient fraud prevention  
18.14 investigation functions under Minnesota Statutes, chapter 142F;

18.15 (5) the Minnesota family assistance program performing recipient fraud prevention  
18.16 investigation functions under Minnesota Statutes, chapter 142G;

18.17 (6) the great start compensation support payment program under Minnesota Statutes,  
18.18 section 142D.21, and Minnesota Statutes, chapter 142E;

18.19 (7) the operations and policy functions for the programs in clauses (1) to (6); and

18.20 (8) the legal staff for the programs in clauses (1) to (6).

18.21 **Sec. 8. REPEALER.**

18.22 Minnesota Statutes 2024, sections 13.321, subdivision 12; and 127A.21, are repealed.

18.23 **EFFECTIVE DATE.** This section is effective the day after the inspector general under  
18.24 Minnesota Statutes, section 3.991, notifies the revisor of statutes that the Office of the  
18.25 Inspector General under Minnesota Statutes, section 3.991, has assumed responsibility for  
18.26 identifying and investigating fraud, misuse, or other unlawful use of public funds in the  
18.27 Department of Education.

18.28 **Sec. 9. EFFECTIVE DATE.**

18.29 Except as otherwise provided, this article is effective July 1, 2025."

18.30 Amend the title accordingly