

February 10, 2025

Chair Xiong, Senator Gustafson, and Committee Members,

Thank you for the opportunity to provide written testimony from the administration on Senate File 856 (SF 856). Minnesota is a state committed to both helping people and providing services that improve the lives of Minnesotans. Fraud against these public programs is unacceptable. It is not a victimless crime, and it harms the same people that benefit from access to these services. The topic of a statewide Office of Inspector General (OIG) is important and we greatly appreciate Senator Gustafson's leadership on this issue. It is in the spirit of engagement on this important topic that we appreciate the opportunity to raise some areas of concern with SF 856 that will be delineated in the remainder of this letter.

Creating a new state office is an undertaking that is complex, time-intensive, and requires financial investment in order to be done effectively. With respect to an OIG, there is significant complexity that must be weaved through in order to avoid inefficiencies and redundancies. One example is the number of federal regulations that must be considered. By federal regulation, Medicaid must be operated by a single state agency that includes an OIG within that agency. The Department of Human Services acts in this capacity. Even if there is a carveout of this required OIG function to account for federal regulations, it then creates a new set of complexities on how a statewide OIG would interact with agency-specific OIGs. Existing agency-specific OIGs provide important compliance functions and their removal risks disrupting the compliance work integrated into day-to-day operations.

Currently, there are OIGs at the Department of Human Services (DHS), Department of Education (MDE), and the Department of Corrections (DOC). Portions of the DHS OIG are set to transfer to the Department of Children, Youth, and Families (DCYF) later this year. OIGs within these agencies take on broader responsibilities than fraud, waste, and abuse investigations. For example, the DHS OIG is responsible for background studies and licensing in addition to program integrity. The DOC OIG conducts financial and operational audits, as well as oversees the Office of Professional Accountability that investigates staff misconduct and inspects and licenses county jails and other correctional facilities to ensure compliance with regulatory standards. The MDE OIG houses the Student Maltreatment Program in addition to investigating fraud, waste, and abuse. With the purpose of the OIG in SF 856 being identified as investigating and combating fraud, waste, and abuse, it is unclear whether these broader functions would appropriately fit with the OIG model in the bill.

Additionally, the Bureau of Criminal Apprehension's new Fraud and Financial Crimes Unit, while not an OIG, will play a significant role in investigating allegations of criminal fraud against state programs. This unit is staffed with the state's foremost leading experts in financial crimes and investigations. We raise these examples up, because in order to ensure the most effective state systems are created to combat fraud, there is significant time, financial resources, and complexity to navigate.

We also have concerns on the establishment of the statewide OIG under the purview of a legislative commission when placement in the executive branch may be more appropriate. This would be more consistent with parallel federal inspectors general. Additionally, through our research we have not identified any state with an inspector general with executive branch oversight responsibilities that is appointed by a legislative entity.

Thank you for the opportunity to comment on SF 856. My colleagues from the administration and I are fully committed to engaging with the legislature on fraud prevention. As such, it is important to underscore that the Governor has a comprehensive fraud prevention package that is focused on strengthening investigation and enforcement authority, improving detection and oversight, and increasing criminal penalties. It is critical that the administration be given the tools that are requested in the Governor's comprehensive package.

Thank you,

A handwritten signature in black ink that reads "Erin M. Campbell". The signature is written in a cursive, flowing style.

Erin Campbell
Commissioner

CC:

Legislative Auditor Judy Randall

Temporary Commissioner Shireen Gandhi, Department of Human Services

Commissioner Tikki Brown, Department of Children, Youth, and Families

Commissioner Willie Jett, Department of Education

Commissioner Paul Schnell, Department of Corrections