

Table of Contents
Minnesota Department of Human Rights

<i>Agency Profile</i>	1
Agency Expenditure Overview	3
Agency Financing by Fund	4
Agency Change Summary	6
<u>Change Item(s)</u>	7
<i>Operating Adjustment</i>	7
<i>Increase Workforce and Equal Pay Certificate Fees</i>	9
<u>Additional Documents</u>	12
<i>Federal Funds Summary</i>	12

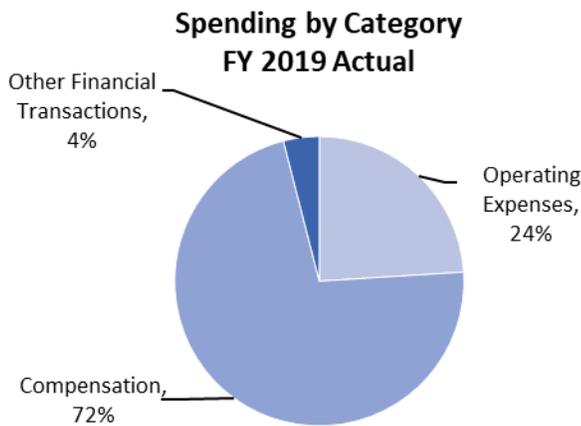
AT A GLANCE

- The Minnesota Department of Human Rights (“MDHR” or the “Department”) is the state’s civil rights enforcement department and envisions a world where everyone can lead lives full of dignity and joy, free from discrimination.
- The Minnesota Human Rights Act (“the Act”) was signed into law in 1967 and protects the civil rights of all Minnesotans, in every county in the state.
- The Act protects Minnesotans and tasks this Department with important enforcement duties in employment, housing, education, credit, and public accommodations/services based on their protected class, such as: race, religion, disability, national origin, sex, marital status, familial status, age, sexual orientation, and gender identity.
- The Act also tasks the Department with regulating State contractors to ensure men and women are compensated equally for equal work, and to ensure that contractors are making good faith efforts to maintain inclusive and equitable workforces so that the companies’ employees reflect Minnesota’s vibrant communities.
- Of the cases investigated by the Department during this period, disability discrimination was the most common charge, followed by race and sex discrimination.

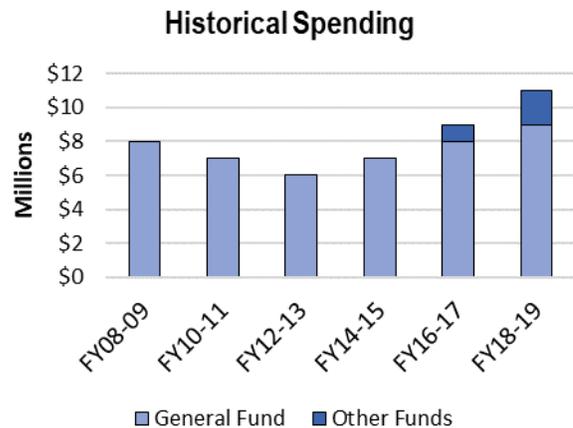
PURPOSE

The Minnesota Department of Human Rights is the state’s civil rights enforcement department and envision a world where everyone can lead lives full of dignity and joy, free from discrimination.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Department’s budget primarily comes from the State’s General Fund, with a small amount of additional revenue generated from issuing Equal Pay and Workforce certificates to state contractors and fees from educational offerings. The Department receives approximately \$200,000 annually under a workshare agreement with the Equal Employment Opportunity Commission (EEOC), as payment for investigation of employment discrimination cases. Most of the Department’s expenses (over 90%) are payroll, rent, and IT expenses.

STRATEGIES

The work of the Department falls into three broad areas:

- **Investigate Claims of Discrimination and Disparate Impact:** Since its establishment in 1967, the Department investigates complaints of discrimination and issues determinations as to whether probable cause exists that discrimination has occurred. At any point in the process, parties are offered voluntary mediation to attempt to settle their concerns without a full investigation. If that is unsuccessful or parties choose not to participate, the Department conducts a full investigation into the case and issues a determination. When the Department finds probable cause of discrimination the Department attempts to conciliate a settlement between the parties that will resolve the discriminatory practices, make the charging party whole, avoid future instances of discrimination, and avoid litigation. The Department’s civil rights investigation process is free and does not require representation by an attorney.
- **Ensure Equal Employment Opportunity with State Contractors:** Through the Office of Equity and Inclusion for Minnesota Businesses the Department issues Workforce Certificates and Equal Pay Certificates to large state contract vendors. This ensures that such vendors comply with federal and state equal employment opportunity laws. The Department also monitors the good faith efforts of state contract vendors with a Workforce Certificate to implement equal employment opportunities. Since 2014, the Department has worked with contractors who hold Equal Pay Certificates to ensure that they are following all required equal pay laws, to prevent gender-based pay disparities. The Department has implemented a strategic compliance model to focus monitoring and compliance efforts on the most likely violations of state law.
- **Community Engagement and Education to Eliminate Discrimination & Disparate Treatment:** The Department uses community engagement, education, and outreach to educate community members and to find solutions to overt and subtle discriminatory practices in our systems and communities. The Department actively participates in interagency work as part of the Olmstead Subcabinet, the Minnesota Interagency Council on Homelessness, the Minnesota Emerging Entrepreneur Board, the Children’s Cabinet, and other areas.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Case settlements that Changed Policies and Procedures to Prevent Discrimination (Mediations, Conciliation Agreements and Settlements)	47	41	2018 to 2019
Quantity	Number of Discrimination Cases Mediated	60	67	2018 to 2019
Quality	Workforce Certificate Response Within 15 days	100%	100%	2018 to 2019

The Minnesota Department of Human Rights is authorized under Minnesota Statutes, Chapter 363A

<https://www.revisor.mn.gov/statutes/?id=363A>

Ban the Box for Private Employers and MDHR’s jurisdiction is authorized under Minnesota Statutes, Chapter 364

<https://www.revisor.mn.gov/statutes/cite/364>

Human Rights

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	4,085	4,883	4,513	5,500	5,116	5,116	5,308	5,403
2000 - Restrict Misc Special Revenue	433	319	203	278	169	173	242	246
2001 - Other Misc Special Revenue	10		71					
2403 - Gift	2		11	15				
3000 - Federal	350	509	410	222	196	200	196	200
Total	4,880	5,711	5,207	6,015	5,481	5,489	5,746	5,849
Biennial Change				631		(252)		373
Biennial % Change				6		(2)		3
Governor's Change from Base								625
Governor's % Change from Base								6

Expenditures by Program

Human Rights Enforcement	4,880	5,711	5,207	6,015	5,481	5,489	5,746	5,849
Total	4,880	5,711	5,207	6,015	5,481	5,489	5,746	5,849

Expenditures by Category

Compensation	3,762	4,105	4,164	4,483	4,483	4,487	4,651	4,750
Operating Expenses	1,114	1,346	1,039	1,523	989	993	1,086	1,090
Capital Outlay-Real Property		5	1	4	4	4	4	4
Other Financial Transaction	4	255	3	5	5	5	5	5
Total	4,880	5,711	5,207	6,015	5,481	5,489	5,746	5,849

Full-Time Equivalent

	43.56	44.88	45.58	47.50	46.60	45.10	47.60	46.60
--	-------	-------	-------	-------	-------	-------	-------	-------

Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		313		385				
Direct Appropriation	4,392	4,588	4,911	5,131	5,131	5,131	5,323	5,418
Transfers Out	17	17	13	16	15	15	15	15
Cancellations		1						
Balance Forward Out	290		386					
Expenditures	4,085	4,883	4,513	5,500	5,116	5,116	5,308	5,403
Biennial Change in Expenditures				1,045		219		698
Biennial % Change in Expenditures				12		2		7
Governor's Change from Base								479
Governor's % Change from Base								5
Full-Time Equivalents	37.60	37.89	39.14	43.70	42.80	41.30	43.80	42.80

2000 - Restrict Misc Special Revenue

Balance Forward In	751	647	615	572	414	365	414	365
Receipts	259	287	159	120	120	120	193	193
Transfers In	0							
Transfers Out	0		0					
Balance Forward Out	576	615	572	414	365	312	365	312
Expenditures	433	319	203	278	169	173	242	246
Biennial Change in Expenditures				(272)		(139)		7
Biennial % Change in Expenditures				(36)		(29)		2
Governor's Change from Base								146
Governor's % Change from Base								43
Full-Time Equivalents	3.31	2.68	1.78	1.50	1.80	1.80	1.80	1.80

2001 - Other Misc Special Revenue

Receipts	10		71					
Balance Forward Out			0					
Expenditures	10		71					
Biennial Change in Expenditures				61		(71)		(71)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23

2403 - Gift

Balance Forward In		0	0	15				
Receipts	2		19					
Transfers In			7					
Balance Forward Out		0	16					
Expenditures	2		11	15				
Biennial Change in Expenditures				24		(26)		(26)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	766	619	354	115	80	71	80	71
Receipts	201	225	171	187	187	187	187	187
Balance Forward Out	617	335	115	80	71	58	71	58
Expenditures	350	509	410	222	196	200	196	200
Biennial Change in Expenditures				(226)		(236)		(236)
Biennial % Change in Expenditures				(26)		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.65	4.31	4.66	2.30	2.00	2.00	2.00	2.00

Human Rights

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	5,131	5,131	5,131	10,262
Forecast Base	5,131	5,131	5,131	10,262
Change Items				
Operating Adjustment		192	287	479
Total Governor's Recommendations	5,131	5,323	5,418	10,741
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	278	169	173	342
Forecast Base	278	169	173	342
Change Items				
Increase Workforce and Equal Pay Certificate Fees		73	73	146
Total Governor's Recommendations	278	242	246	488
Fund: 2403 - Gift				
Planned Spending	15			
Forecast Base	15			
Total Governor's Recommendations	15			
Fund: 3000 - Federal				
Planned Spending	222	196	200	396
Forecast Base	222	196	200	396
Total Governor's Recommendations	222	196	200	396
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	120	120	120	240
Change Items				
Increase Workforce and Equal Pay Certificate Fees		73	73	146
Total Governor's Recommendations	120	193	193	386
Fund: 3000 - Federal				
Forecast Revenues	187	187	187	374
Total Governor's Recommendations	187	187	187	374

Minnesota Department of Human Rights

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	192	287	287	287
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	192	287	287	287
FTEs	1	1.5	1.5	1.5

Recommendation:

The Governor recommends funding of \$192,000 in FY 2022 and \$287,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Minnesota Department of Human Rights.

This change is a 3.7% change in FY 2022 and a 5.6% change in FY 2023 relative to MDHR’s FY 2021 general fund appropriation of \$5,131,000.

Rationale/Background:

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Over 80% of the Department’s budget goes to staffing costs, which is how the Department fulfills its statutory duties and serves Minnesotans. The Department has very little flexibility in other spending, which is mostly comprised of rent, IT, and costs for consolidated financial and HR services through the Small Agency Resource Team (SmART).

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the Department of Human Rights, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- The Department has improved the complaint intake process, to ensure all charges meet prima facie legal standards before taking a charge.
- The Department has also greatly increased pre-investigation mediations, helping resolve many cases more quickly for parties while requiring fewer Department resources.
- The Department has implemented a new triage process: “Charge Inventory Reduction Project” (ChIRP), which has increased the effectiveness and efficiency of cases that are in inventory, in addition to addressing cases that do not require significant investigation.

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. For the Minnesota Department of Human Rights, without

this operating adjustment, the Department would be forced to cut 2-3 positions in FY 2022 and an additional position in FY 2023, which would be a nearly 7%-13% reduction in total staffing. Given the Department's size and structure, these cuts would have to be from positions that directly serve Minnesotans.

Proposal:

The Governor recommends increasing agency operating budgets to support the delivery of current services. For the Minnesota Department of Human Rights, this funding will cover expected and anticipated employee compensation growth, as well as known cost increases in rent and IT services.

Equity and Inclusion:

MDHR is the state's civil rights enforcement agency, working to ensure the civil rights of Minnesotans are protected. This agency is solely responsible with ensuring over 3,500 contractors across the state are actively working to recruit and retain people of color and ensuring that women are paid the same rate for the same job as men on large state-funded contracts. Additionally, this agency is solely responsible for investigating and making decisions around charges of discrimination, such as if someone is fired because they get pregnant, how reasonable accommodations are discussed between employers and employees, to eliminate the systems that allow sexual harassment and assault in schools and workplaces, and to investigate cases of racial discrimination across the state.

Results:

This proposal is intended to allow the Minnesota Department of Human Rights to continue to provide current levels of services and information to the public,

Minnesota Department of Human Rights

FY 2022-23 Biennial Budget Change Item

Change Item Title: Increase Workforce and Equal Pay Certificate Fees

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	73	73	73	73
Revenues	73	73	73	73
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends raising the fees for obtaining a Workforce Certificate of Compliance (Minn. Stat. 363A.36) or an Equal Pay Certificate of Compliance (363A.44), which are required for certain large state contractors, from \$150 for 4 years to \$250 for 4 years.

These fees partially fund the work for the Department’s Equity and Inclusion team, which administers these programs to ensure employment opportunities for women and people of color on state projects and to ensure that equal pay laws are followed. These fees currently only fund approximately 12% of the cost of these programs.

This increase would add an estimated \$33,000 annually to the Equal Pay account and \$40,000 annually to the Workforce Certificate account. This is a just over 1% change relative to the Department’s total budget.

Rationale/Background:

The Workforce Certificate fee was set in 2003 at \$75 for two years. In 2013, the statute was updated to make the Workforce Certificate valid for 4 years with a \$150 fee, keeping the same annual cost. The annual cost of a Workforce Certificate has never been increased. The Equal Pay Certificate was created by the legislature in 2014 and the fee was set at the same level as the Workforce Certificate. These fees are low, considering that they apply to contractors with 40 or more employees receiving contracts over \$100,000 (Workforce) or \$500,000 (Equal Pay) from the state. Many of these contractors do multi-millions of dollars of business with the state annually.

The Department is looking at its operations and funding to seek ways to support delivering the services required by statute that Minnesotans rely on. These fees help to support the work for the Department’s Equity and Inclusion team, which administers these programs to ensure employment opportunities for women and people of color on state projects and to ensure that equal pay laws are followed. Currently, these two fees fund around 12% of the costs to administer the program tied to the oversight the Department provides in this area. This recommendation would increase that to 20%, with the remaining costs continuing to be covered by the general fund.

Proposal:

The Department of Human Rights is proposing to raise the fees for obtaining a Workforce Certificate of Compliance (Minn. Stat. 363A.36) or an Equal Pay Certificate of Compliance (363A.44), which are required for certain large state contractors, from \$150 for 4 years to \$250 for 4 years. These are existing programs.

For FY 2022 and FY 2023 the Department projects annually collecting \$60,000 in Workforce Certificate fees and \$50,000 from Equal Pay fees, which are allocated to dedicated revenue accounts. This increase would add an estimated \$33,000 annually to the Equal Pay account and \$40,000 annually to the Workforce Certificate account. This additional \$73,000 annually will support one of the staff positions that implements this work.

This proposal would be implemented at the start of FY 2022 for any certificates issued on or after that date. The result of this proposal’s adoption will be to provide meaningful additional support to the Department’s Equity and Inclusion work without requiring additional general fund support. The Department would consult with state contractors and trade associations in moving this issue forward, along with groups working to ensure equity and inclusion in state procurement and hiring.

Impact on Children and Families:

Providing access to employment opportunities for people of color, Indigenous Minnesotans, women, and people with disabilities helps to support families and children by creating access to living wage jobs. The Workforce Certificate program helps to ensure employment opportunities for people of color, women, and individuals with disabilities when the state contracts for goods and services, including large construction projects.

Actively working to stop gender-based pay discrimination helps ensure that women, and particularly women of color, are being paid fairly for their work. The gender-based pay gap for women, and particularly women of color, means that they earn less due to their race and gender. Ensuring equal pay confronts illegal discrimination and helps ensure people have the resources they need to support their families and children.

Equity and Inclusion:

The Workforce Certificate and Equal Pay Certificates are both specifically designed to remedy disparities faced by people of color, Indigenous Minnesotans, women, individuals with disabilities, and people facing gender-based pay discrimination.

As part of the Workforce Certificate requirement, state contractors with over 40 employees and contracts of over \$100,000, must provide an affirmative action plan to the Department and implement that plan. The Commissioner of Human Rights set equity goals for hiring women and people of color on state funded construction projects, helping to provide employment opportunities to groups who have historically been cut off from these high wage jobs.

The Equal Pay Certificate is required for state contractors with over 40 employees and contracts over \$500,000 to allow the Department to audit their efforts to ensure that they are not engaged in pay discrimination. Disparities in pay for women, and particularly women of color, result in higher rates of poverty and other challenges for Minnesota’s families.

This proposed fee increase will help ensure that the Department is able to successfully fund this work for the long-term, helping to achieve greater equity and reduce discrimination.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Workforce Certificates Issued	965	539	FY2019- FY2020
Quantity	Equal Pay Certificates Issued	581	441	FY2019- FY2020

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Workforce Certificates Issued within 15 days.	100%	100%	FY2019- FY2020
Results	Workforce Participation by POCI individuals on Large Construction Projects (Over 10,000 hours)	16.29%	25.34%	FY2019- FY2020
Results	Workforce Participation by Women on Large Construction Projects (Over 10,000 hours)	5.49%	10.32%	FY2019- FY2020

Human Rights

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 Base	Required State Match or MOE?	FTEs
Equal Employment Opportunity Commission	Reimbursement from EEOC for investigation of dual jurisdiction cases.	No	\$ 410	\$ 222	\$ 196	\$ 200	No Match MOE provision in agreement	2.30
Federal Fund – Agency Total			\$ 410	\$ 222	\$ 196	\$ 200		2.30

Narrative

The Department of Human Rights has a workshare agreement (contract) with the Equal Employment Opportunity Commission (EEOC) to investigate claims of discrimination that could have been filed with the EEOC. The EEOC reimburses the Department for this work based on the number of cases investigated. The Department has had a workshare agreement with the EEOC for over 30 years

Maintenance of Effort Contract Provision:

The contractual language of the workshare agreement with the EEOC requires this money be used by the Department to fund its work and not be offset in other appropriations. The contract states, "The Contractor shall... Commit itself to maintenance of effort. Should the Contractor or the governmental body that provides its funds: a) reduce the contractor's resources in anticipation of or as a result of the EEOC contract funds, b) place restrictions on the use of its funds or c) revise the Contractor's operating procedures or regulations that impact on its ability to perform under its contract, the EEOC may consider it to be a material breach of this contract and, may among other things, reduce its funding of this contract or require the return of all or a portion of the funds provided by the EEOC under this contract."

Changing funding levels or trends that may impact future awards:

We do not anticipate major changes in the funding levels under this contract. The Department has had a workshare agreement since at least the early 1980's with the EEOC. This long-term, stable relationship for a specific service being provided by the Department to the EEOC makes it likely that this federal funding will remain at a similar level, barring major federal policy changes.

Major state funding related to federal awards:

The Maintenance of Effort contract provision is required as part of the contract, but there is no specific match amount dictated.