

# Table of Contents

## Minnesota Department of Labor and Industry

Agency Profile .....	1
Agency Expenditure Overview (REVISED) .....	4
Agency Financing by Fund (REVISED) .....	6
Agency Change Summary (REVISED) .....	9
<b><u>Change Item(s)</u></b> .....	12
<i>Construction Codes and Licensing Division (CCLD) Fee Alignment</i> .....	12
<i>Misclassification Enforcement Funding</i> .....	25
<i>Statewide Teacher Registered Apprenticeship Grant</i> .....	28
<i>Operating Adjustment</i> .....	32
<i>Strengthening Mandatory Break Laws</i> .....	35
<i>Grants to Certified Worker Organizations (NEW)</i> .....	38
<i>Single Egress Stairway Report Approp Extension (REVISED)</i> .....	41
<b><u>Program</u></b> .....	43
<b>Workers Compensation</b> .....	43
<i>Program Narrative</i> .....	43
Program Expenditure Overview .....	45
Program Financing by Fund .....	46
<b><u>Program</u></b> .....	47
<b>Construction Codes and Licensing</b> .....	47
<i>Program Narrative</i> .....	47
Program Expenditure Overview .....	49
Program Financing by Fund .....	50
<b><u>Program</u></b> .....	51
<b>General Support</b> .....	51
<i>Program Narrative</i> .....	51
Program Expenditure Overview .....	53
Program Financing by Fund .....	54
<b><u>Program</u></b> .....	56
<b>Labor Standards</b> .....	56
<i>Program Narrative</i> .....	56
Program Expenditure Overview .....	58
Program Financing by Fund .....	59
<b><u>Program</u></b> .....	61
<b>Office of Combative Sports</b> .....	61
<i>Program Narrative</i> .....	61
Program Expenditure Overview .....	63
Program Financing by Fund .....	64
<b><u>Program</u></b> .....	65
<b>Workplace Safety</b> .....	65
<i>Program Narrative</i> .....	65
Program Expenditure Overview .....	68
Program Financing by Fund .....	69
<b><u>Program</u></b> .....	70

<b>Employment-based Initiatives</b> .....	70
<i>Program Narrative</i> .....	70
Program Expenditure Overview .....	72
Program Financing by Fund .....	73
<b><u>Program</u></b> .....	74
<b>Apprenticeship</b> .....	74
<i>Program Narrative</i> .....	74
Program Expenditure Overview (REVISED) .....	76
Program Financing by Fund (REVISED) .....	77
<b><u>Program</u></b> .....	78
<b>Nursing Home Workforce Standards Board</b> .....	78
<i>Program Narrative</i> .....	78
Program Expenditure Overview (REVISED) .....	80
Program Financing by Fund (REVISED) .....	81
<b><u>Additional Documents</u></b> .....	82
<i>Federal Funds Summary (REVISED)</i> .....	82

<https://www.dli.mn.gov/>

**AT A GLANCE**

The Department of Labor and Industry (DLI):

- Administers employment and health and safety laws affecting Minnesota’s 2.9 million employees and 207,000 employers.
- Is responsible for administrative oversight of the workers’ compensation system, which handles approximately 84,500 new workplace injuries and illnesses annually.
- Conducts more than 211,000 construction inspections each year.
- Issues more than 120,000 personal and business licenses annually.
- Monitors more than 11,500 registered apprenticeships.

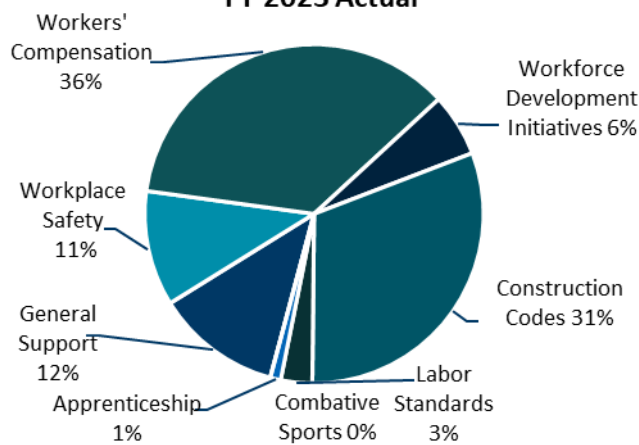
**PURPOSE**

The mission of the Department of Labor and Industry is to ensure Minnesota’s work and living environments are equitable, healthy, and safe. DLI’s commitment to the One Minnesota Plan priority of Thriving Communities, Housing and Workforce is carried out through agency regulatory, enforcement and education activities that ensure: working people, potential employees and employers have a clear understanding of their rights and responsibilities in the workplace; working people are safe from injury and illness; working people injured on the job are provided treatment and benefits; and working people who construct and inspect buildings are qualified to perform their work and buildings are safe and healthy for those who occupy them.

By modernizing technology platforms to improve stakeholder experiences and expanding intentional community education and engagement, including tribal consultations, DLI is putting the needs of Minnesotans at the center of its services, meeting the Customer Service and Measurable Results priority. Through sustainable facility operations, plus construction codes and licensing and apprenticeship program development in clean economy jobs, DLI is mitigating climate change. Through collaborative, clear, and constructive enforcement and education, DLI is making Minnesota the best state in the country to raise a family.

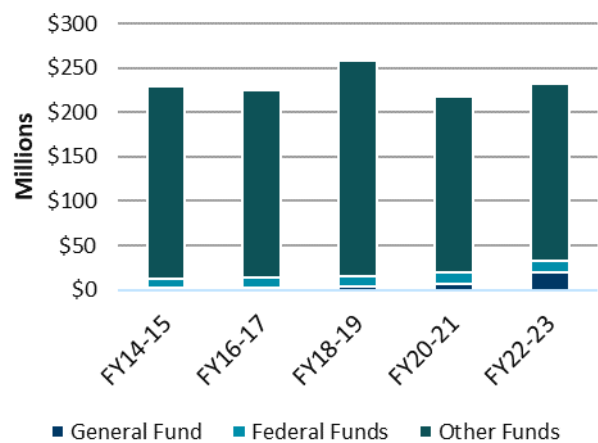
**BUDGET**

**Spending by Program  
FY 2023 Actual**



Source: Budget Planning and Analysis System (BPAS)

**Historical Spending**



Source: Consolidated Fund Statement

**The Workers' Compensation Division** is funded by an insurer and self-insured assessment deposited to the workers compensation fund. Between SFY22-25, the average amount assessed was \$58m, sufficient to cover the liabilities of the fund. Workers' compensation benefits are paid on behalf of employees of uninsured and bankrupt self-insured employers. Reimbursements to insurers and self-insured employers under the supplemental benefits and second-injury programs make up the bulk of benefit payments.

**The Workplace Safety Program** is funded with federal grants and state matching funds from the workers' compensation fund. The Occupational Safety and Health Administration (OSHA) Compliance activity receives \$4.8 million each year from the federal government and is required to match 100% of the federal award. OSHA Workplace Safety Consultation activity receives \$1.1 million each year from the federal government and is required to match 11%.

**The Construction Codes and Licensing Division** operates on a fee-for-service basis. Revenues, such as license and permitting fees, are collected from industry stakeholders, and deposited in the construction code fund. Operating costs incurred within the construction code fund for the administration and enforcement of the statutory requirements were \$40m FY 2024.

**The Labor Standards Division** is financed by appropriations from the general fund, workforce development fund and paid family medical leave fund, receiving approximately \$9m base funding each year. The unit also collects back-wages owed to employees by employers, which are given to the employees; DLI does not retain these funds.

**The Apprenticeship Division** is funded through legislative appropriations from the workforce development fund (WDF) and federal grants. Current biennium (FY 2024-25) budgets include \$5.8m in WDF grant dollars, \$3m in WDF operating dollars, and \$3.1m in federal awards.

**The General Support Division** is financed by an appropriation from the workers' compensation fund at a base amount of \$9.1m each year, and through an appropriation in the special revenue fund, generating approximately \$6m in revenue through internal billing recovered from the agency's other divisions. The general support budget and indirect rate is approved through the US Dept. of Labor federal indirect cost plan.

**Employment-based Training Initiatives** is financed by appropriations from the workforce development fund and the general fund. The annual base operating budget is \$1.1m and \$1.5m is available for Youth Skills Training grants.

**Office of Combative Sports** is funded each year with a \$254k base general fund appropriation. Revenue from licensing and event fees are also appropriated to the commissioner in the special revenue fund, to conduct statutory responsibilities and obligations.

**Nursing Home Workforce Standards Board** is funded from an appropriation from the general fund, with a base annual operating budget of \$357k plus resources for rulemaking.

## STRATEGIES

Our economy is built on the **foundations of a safe living environment and decent work** – work that pays a fair day's wage for a fair day's work, working environments that support the health of all workers, and systems for working people and their families to receive benefits and care if they are injured in the workplace. DLI ensures these foundations for our economy and our communities are present through regulation, education and engagement, enforcement, and workforce programming. DLI's staff works hard to be a trusted resource and impartial regulator for employers, working people, property owners and other stakeholders.

## **Regulation**

As a regulatory agency, DLI is responsible for upholding safety and health standards in residential and commercial buildings, in workplaces and for working people. For example, DLI's development and implementation of progressive construction codes and licensure of skilled trades and residential contractors play a critical role in achieving the safety, security, and sustainability of the state's commercial and residential buildings. DLI staff members also regulate certain combative sports events to minimize injury and ensure fair competition. The Workers' Compensation Division oversees and administers the workers' compensation system in Minnesota so injured workers promptly receive benefits and services.

## **Engagement and Education**

DLI is committed to engaging, educating, and collaborating with all Minnesotans, so they know their rights in the workplace and to prevent safety and health problems before they occur. A strong regulatory environment begins with people having knowledge and understanding of the codes and standards needed to promote safety and health in their industry. Dedicated staff members and resources across the agency focus on education for workers and employers in construction codes and licensing, workforce and skills training for youth and adults, labor standards, workers' compensation, and occupational safety and health.

For example, the Workers' Compensation Division offers customized training opportunities for employees, employers, health care providers, insurers, and vocational rehabilitation providers. Minnesota OSHA (MNOSHA) Workplace Safety Consultation works with employers and employees to solve safety and health problems before they occur through free on-site consultation services. MNOSHA Compliance also provides education and technical assistance. DLI staff members have developed relationships and partnerships to bring education about workers' rights and workplace safety and health protections in multiple languages across the state.

## **Enforcement**

Having enforcement mechanisms, such as warnings and monetary fines, for employers and other stakeholders that fail to abide by the law is a necessary part of the regulatory system. Across the agency, DLI staff members follow applicable law and assess penalties when appropriate. For example, MNOSHA Compliance enforces regulations through worksite inspections, responds to employee complaints and conducts accident investigations. The Labor Standards Division enforces Minnesota wage and hour laws related to minimum wage, overtime, break time, pregnant workers' and new parents' rights, prevailing wage, and wage theft.

## **Workforce Programming**

DLI, working alongside its many partners, is educating, and training the next generation of skilled workers through registered apprenticeship, the Dual-Training Pipeline and Youth Skills Training programs. Ensuring all Minnesotans have the opportunity to obtain necessary education and training that prepares them for jobs that pay a family-sustaining income is key to building wealth in Minnesota's families and communities.

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The Department of Labor and Industry's legal authority comes from Minnesota Statutes, chapters 175-178, 181-182, 184, 184B, 326B, 327 and 327B.

# Labor and Industry

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	9,142	10,711	6,136	11,555	7,344	7,363	8,769	7,941
2000 - Restrict Misc Special Revenue	7,903	10,036	9,070	12,941	11,187	11,343	11,187	11,343
2020 - Construction Code	33,772	36,624	40,636	42,341	43,950	40,125	45,968	42,271
2390 - Workforce Development	3,332	3,462	6,146	10,580	6,826	6,826	11,826	8,826
2830 - Workers Compensation	44,549	59,839	52,213	58,723	55,936	54,407	57,820	56,601
3000 - Federal	6,438	6,521	7,724	7,835	8,648	7,721	8,648	7,721
3015 - ARP-State Fiscal Recovery	100		125					
4925 - Family and Medical Benefit Ins			169	690	366		366	
<b>Total</b>	<b>105,236</b>	<b>127,194</b>	<b>122,220</b>	<b>144,665</b>	<b>134,257</b>	<b>127,785</b>	<b>144,584</b>	<b>134,703</b>
Biennial Change				34,455		(4,843)		12,402
Biennial % Change				15		(2)		5
Governor's Change from Base								17,245
Governor's % Change from Base								7

## **Expenditures by Program**

Workers Compensation	29,848	45,595	34,807	38,051	35,250	34,007	37,134	36,201
Construction Codes and Licensing	35,753	39,183	44,865	47,779	47,134	43,320	49,152	45,466
General Support	13,237	15,144	13,724	16,977	17,339	17,410	17,339	17,410
Labor Standards	4,890	4,205	6,547	11,318	8,583	8,283	9,008	8,861
Office of Combative Sports	75	108	279	319	288	305	288	305
Workplace Safety	14,098	14,186	15,687	18,987	17,123	16,894	17,123	16,894
Employment-based Initiatives	5,728	7,086	2,402	2,657	2,536	2,536	2,536	2,536
Apprenticeship	1,605	1,687	3,673	7,794	5,600	4,673	10,600	6,673
Nursing Home Workforce Standards Board			235	783	404	357	1,404	357
<b>Total</b>	<b>105,236</b>	<b>127,194</b>	<b>122,220</b>	<b>144,665</b>	<b>134,257</b>	<b>127,785</b>	<b>144,584</b>	<b>134,703</b>

## **Expenditures by Category**

Compensation	47,126	50,774	58,136	75,550	78,689	73,069	87,621	79,497
Operating Expenses	34,227	37,345	34,167	33,301	28,074	28,817	28,519	29,307
Grants, Aids and Subsidies	23,811	38,643	29,604	35,724	27,435	25,860	28,385	25,860
Capital Outlay-Real Property	1	1						
Other Financial Transaction	71	431	313	90	59	39	59	39

# Labor and Industry

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<b>Total</b>	<b>105,236</b>	<b>127,194</b>	<b>122,220</b>	<b>144,665</b>	<b>134,257</b>	<b>127,785</b>	<b>144,584</b>	<b>134,703</b>

Total Agency Expenditures	105,236	127,194	122,220	144,665	134,257	127,785	144,584	134,703
Internal Billing Expenditures	5,669	6,455	8,097	6,588	5,091	7,191	5,091	7,191
<b>Expenditures Less Internal Billing</b>	<b>99,567</b>	<b>120,739</b>	<b>114,122</b>	<b>138,077</b>	<b>129,166</b>	<b>120,594</b>	<b>139,493</b>	<b>127,512</b>

<b><u>Full-Time Equivalents</u></b>	<b>427.55</b>	<b>464.34</b>	<b>479.78</b>	<b>600.66</b>	<b>613.73</b>	<b>562.78</b>	<b>640.43</b>	<b>592.38</b>
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# Labor and Industry

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In	953	8,843		2,961				
Direct Appropriation	17,029	4,504	8,976	8,462	7,212	7,231	8,637	7,809
Transfers In			132	132	132	132	132	132
Transfers Out		500						
Cancellations		2,136	11					
Balance Forward Out	8,840		2,961					
<b>Expenditures</b>	<b>9,142</b>	<b>10,711</b>	<b>6,136</b>	<b>11,555</b>	<b>7,344</b>	<b>7,363</b>	<b>8,769</b>	<b>7,941</b>
Biennial Change in Expenditures				(2,162)		(2,984)		(981)
Biennial % Change in Expenditures				(11)		(17)		(6)
Governor's Change from Base								2,003
Governor's % Change from Base								14
Full-Time Equivalents	21.65	30.03	32.61	52.89	48.52	44.76	51.02	47.26

## 2000 - Restrict Misc Special Revenue

Balance Forward In	11,709	11,837	10,997	13,046	8,407	5,476	8,407	5,476
Receipts	8,031	9,186	11,120	8,302	8,256	10,129	8,256	10,129
Internal Billing Receipts	5,669	6,455	8,097	5,437	5,095	7,188	5,095	7,188
Balance Forward Out	11,837	10,986	13,047	8,407	5,476	4,262	5,476	4,262
<b>Expenditures</b>	<b>7,903</b>	<b>10,036</b>	<b>9,070</b>	<b>12,941</b>	<b>11,187</b>	<b>11,343</b>	<b>11,187</b>	<b>11,343</b>
Biennial Change in Expenditures				4,071		519		519
Biennial % Change in Expenditures				23		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.12	11.86	19.09	44.55	46.53	47.12	46.53	47.12

## 2020 - Construction Code

Balance Forward In	22,867	22,488	21,761	18,275	12,109	4,242	12,109	14,797
Receipts	33,316	35,745	37,151	36,175	36,083	35,883	48,656	48,564
Transfers Out	75							
Balance Forward Out	22,336	21,609	18,275	12,109	4,242		14,797	21,090
<b>Expenditures</b>	<b>33,772</b>	<b>36,624</b>	<b>40,636</b>	<b>42,341</b>	<b>43,950</b>	<b>40,125</b>	<b>45,968</b>	<b>42,271</b>
Biennial Change in Expenditures				12,581		1,098		5,262
Biennial % Change in Expenditures				18		1		6



# Labor and Industry

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Governor's Change from Base								4,164
Governor's % Change from Base								5
Full-Time Equivalents	141.91	153.95	161.89	222.00	244.00	206.00	256.00	218.00

## 2390 - Workforce Development

Balance Forward In	1	117	1	3,754				
Direct Appropriation	3,447	3,347	9,911	6,826	6,826	6,826	11,826	8,826
Cancellations			13					
Balance Forward Out	117	1	3,754					
<b>Expenditures</b>	<b>3,332</b>	<b>3,462</b>	<b>6,146</b>	<b>10,580</b>	<b>6,826</b>	<b>6,826</b>	<b>11,826</b>	<b>8,826</b>
Biennial Change in Expenditures				9,932		(3,074)		3,926
Biennial % Change in Expenditures				146		(18)		23
Governor's Change from Base								7,000
Governor's % Change from Base								51
Full-Time Equivalents	13.51	15.47	19.59	25.56	28.57	27.15	28.57	27.15

## 2830 - Workers Compensation

Balance Forward In	7,164	5,916	8,072	9,517	6,772	5,537	6,772	5,537
Direct Appropriation	22,991	23,491	30,599	32,669	32,892	32,458	34,776	34,652
Open Appropriation	17,378	33,170	20,443	21,222	19,722	18,422	19,722	18,422
Receipts	2,408	4,782	2,690	2,161	2,161	2,161	2,161	2,161
Transfers Out	121	134	74	74	74	74	74	74
Balance Forward Out	5,271	7,386	9,518	6,772	5,537	4,097	5,537	4,097
<b>Expenditures</b>	<b>44,549</b>	<b>59,839</b>	<b>52,213</b>	<b>58,723</b>	<b>55,936</b>	<b>54,407</b>	<b>57,820</b>	<b>56,601</b>
Biennial Change in Expenditures				6,548		(593)		3,485
Biennial % Change in Expenditures				6		(1)		3
Governor's Change from Base								4,078
Governor's % Change from Base								4
Full-Time Equivalents	202.22	212.80	202.36	199.80	191.40	189.50	203.60	204.60

## 3000 - Federal

Balance Forward In	31	31	31					
Receipts	6,436	6,521	7,718	7,835	8,648	7,721	8,648	7,721

# Labor and Industry

# Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Balance Forward Out	29	31	24					
<b>Expenditures</b>	<b>6,438</b>	<b>6,521</b>	<b>7,724</b>	<b>7,835</b>	<b>8,648</b>	<b>7,721</b>	<b>8,648</b>	<b>7,721</b>
Biennial Change in Expenditures				2,601		810		810
Biennial % Change in Expenditures				20		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	39.14	40.23	43.70	52.75	52.55	48.25	52.55	48.25

## 3015 - ARP-State Fiscal Recovery

Direct Appropriation	100		125					
<b>Expenditures</b>	<b>100</b>		<b>125</b>					
Biennial Change in Expenditures				25		(125)		(125)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

## 4925 - Family and Medical Benefit Ins

Balance Forward In				432				
Direct Appropriation			601	374	366	0	366	0
Transfers Out				116				
Balance Forward Out			432					
<b>Expenditures</b>			<b>169</b>	<b>690</b>	<b>366</b>		<b>366</b>	
Biennial Change in Expenditures				859		(493)		(493)
Biennial % Change in Expenditures						(57)		(57)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.54	3.11	2.16		2.16	

## 6000 - Miscellaneous Agency

Balance Forward In	124	136	142	142	142	142	142	142
Receipts	5	6	0					
Balance Forward Out	129	142	142	142	142	142	142	142

# Labor and Industry

# Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2025 Appropriations	8,552	8,552	8,552	17,104
<b>Base Adjustments</b>				
All Other One-Time Appropriations		(1,271)	(1,271)	(2,542)
Biennial Appropriations		14	14	28
Current Law Base Change			19	19
Allocated Reduction	(90)	(90)	(90)	(180)
Minnesota Paid Leave Allocation		7	7	14
<b>Forecast Base</b>	<b>8,462</b>	<b>7,212</b>	<b>7,231</b>	<b>14,443</b>
<b>Change Items</b>				
Misclassification Enforcement Funding		281	286	567
Operating Adjustment		144	292	436
Grants to Certified Worker Organizations		1,000		1,000
<b>Total Governor's Recommendations</b>	<b>8,462</b>	<b>8,637</b>	<b>7,809</b>	<b>16,446</b>
<b>Fund: 2390 - Workforce Development</b>				
FY2025 Appropriations	6,826	6,826	6,826	13,652
<b>Forecast Base</b>	<b>6,826</b>	<b>6,826</b>	<b>6,826</b>	<b>13,652</b>
<b>Change Items</b>				
Statewide Teacher Registered Apprenticeship Grant		5,000	2,000	7,000
<b>Total Governor's Recommendations</b>	<b>6,826</b>	<b>11,826</b>	<b>8,826</b>	<b>20,652</b>
<b>Fund: 2830 - Workers Compensation</b>				
FY2025 Appropriations	32,669	32,669	32,669	65,338
<b>Base Adjustments</b>				
Current Law Base Change		223	(211)	12
<b>Forecast Base</b>	<b>32,669</b>	<b>32,892</b>	<b>32,458</b>	<b>65,350</b>
<b>Change Items</b>				
Operating Adjustment		1,884	2,194	4,078
<b>Total Governor's Recommendations</b>	<b>32,669</b>	<b>34,776</b>	<b>34,652</b>	<b>69,428</b>
<b>Fund: 4925 - Family and Medical Benefit Ins</b>				
FY2025 Appropriations	374	374	374	748
<b>Base Adjustments</b>				
Current Law Base Change		(8)	(374)	(382)
<b>Forecast Base</b>	<b>374</b>	<b>366</b>		<b>366</b>
<b>Total Governor's Recommendations</b>	<b>374</b>	<b>366</b>		<b>366</b>
<b>Open</b>				

# Labor and Industry

# Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Fund: 2830 - Workers Compensation</b>				
FY2025 Appropriations	28,200	28,200	28,200	56,400
Base Adjustments				
Forecast Open Appropriation Adjustment	(6,978)	(8,478)	(9,778)	(18,256)
Forecast Base	21,222	19,722	18,422	38,144
<b>Total Governor's Recommendations</b>	<b>21,222</b>	<b>19,722</b>	<b>18,422</b>	<b>38,144</b>
 <i>Dedicated</i>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	12,941	11,187	11,343	22,530
Forecast Base	12,941	11,187	11,343	22,530
<b>Total Governor's Recommendations</b>	<b>12,941</b>	<b>11,187</b>	<b>11,343</b>	<b>22,530</b>
 <b>Fund: 2020 - Construction Code</b>				
Planned Spending	42,341	43,950	40,125	84,075
Forecast Base	42,341	43,950	40,125	84,075
Change Items				
Construction Codes and Licensing Division (CCLD) Fee Alignment		2,018	2,146	4,164
<b>Total Governor's Recommendations</b>	<b>42,341</b>	<b>45,968</b>	<b>42,271</b>	<b>88,239</b>
 <b>Fund: 2830 - Workers Compensation</b>				
Planned Spending	2,212	3,396	3,601	6,997
Forecast Base	2,212	3,396	3,601	6,997
<b>Total Governor's Recommendations</b>	<b>2,212</b>	<b>3,396</b>	<b>3,601</b>	<b>6,997</b>
 <b>Fund: 3000 - Federal</b>				
Planned Spending	7,835	8,648	7,721	16,369
Forecast Base	7,835	8,648	7,721	16,369
<b>Total Governor's Recommendations</b>	<b>7,835</b>	<b>8,648</b>	<b>7,721</b>	<b>16,369</b>
 <i>Revenue Change Summary</i>				
<i>Dedicated</i>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	8,302	8,256	10,129	18,385
<b>Total Governor's Recommendations</b>	<b>8,302</b>	<b>8,256</b>	<b>10,129</b>	<b>18,385</b>
 <b>Fund: 2020 - Construction Code</b>				
Forecast Revenues	36,175	36,083	35,883	71,966
Change Items				

# Labor and Industry

# Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Construction Codes and Licensing Division (CCLD) Fee Alignment		12,573	12,681	25,254
<b>Total Governor's Recommendations</b>	<b>36,175</b>	<b>48,656</b>	<b>48,564</b>	<b>97,220</b>
<b>Fund: 2830 - Workers Compensation</b>				
Forecast Revenues	2,161	2,161	2,161	4,322
<b>Total Governor's Recommendations</b>	<b>2,161</b>	<b>2,161</b>	<b>2,161</b>	<b>4,322</b>
<b>Fund: 3000 - Federal</b>				
Forecast Revenues	7,835	8,648	7,721	16,369
<b>Total Governor's Recommendations</b>	<b>7,835</b>	<b>8,648</b>	<b>7,721</b>	<b>16,369</b>
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	35	747	747	1,494
<b>Change Items</b>				
Misclassification Enforcement Funding			90	90
Strengthening Mandatory Break Laws		20	20	40
<b>Total Governor's Recommendations</b>	<b>35</b>	<b>767</b>	<b>857</b>	<b>1,624</b>
<b>Fund: 2830 - Workers Compensation</b>				
Forecast Revenues	65,046	63,246	61,246	124,492
<b>Total Governor's Recommendations</b>	<b>65,046</b>	<b>63,246</b>	<b>61,246</b>	<b>124,492</b>

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Construction Codes and Licensing Fee Alignment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Construction Code Fund				
Expenditures	2,018	2,146	2,146	2,146
Revenues	12,573	12,681	12,681	12,681
Net Fiscal Impact = (Expenditures – Revenues)	(10,555)	(10,535)	(10,535)	(10,535)
<b>FTEs</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

#### Recommendation:

The Governor recommends increasing permit, inspection, plan review, and certain registration fees for six units within the Construction Codes and Licensing Division (CCLD). Because CCLD operates on a fee for service basis, fees charged need to align with the program costs of each unit. Currently, fees assessed in several areas are inadequate to fund the costs of providing services due to inflationary and cost increases. The impacted units include electrical inspections, elevator inspections, boiler inspections, plumbing plan review, plumbing inspections, and manufactured structures. In addition, the request integrates class 4 electrical systems into Minnesota law to keep up with emerging low-voltage electrical technologies. The request would fund an additional 12 FTE to meet growing demand for services.

This request increases forecasted revenues to the construction code fund by 35% and increases operating expenditures by 5%. The 30% variance between increased revenues and increased operating expense is attributed to the fee for service model by rebalancing fees to maintain adequate service levels.

#### Rationale/Background:

The fees charged for services in CCLD need to align with the costs of providing those services to ensure a stable budget and continue the high level of service provided to Minnesota’s construction industry and the general public. These fees have not increased in many years.

Unit	Year of last fee change
Electrical Inspections	2007
Plumbing Inspections	2013
Boiler Inspections	2005
Plumbing Plan Review	2007
Manufactured Structures	2008
Elevator Inspections	2007

These units are currently operating at a deficit which, if not addressed, will jeopardize the ability of the units to provide services effectively. This would have a widespread negative impact in the construction industry and beyond.

## **Proposal:**

This proposal is a change to the existing fees in six units in the Construction Codes and Licensing Division. The fee adjustments will align the fees for the services with the actual costs of providing those services in the six units: electrical inspections, manufactured structures, plumbing inspections, boiler inspections, elevator inspections, and plumbing plan review. The proposal will support 2 additional FTEs in electrical inspections, 1 additional FTE in plumbing inspections, 1 additional FTE in boiler inspections, 2 additional FTEs in plumbing plan review, 2 additional FTEs in elevator inspections, and 4 additional FTEs in manufactured structures.

## **Electrical Inspections**

### Fee Changes:

The Department's electrical unit is responsible for electrical inspections for much of the Twin Cities metro area and a majority of the regions in greater Minnesota. In FY24, the electrical unit conducted 197,458 electrical inspections between state employee and contract electrical inspectors. Over the last two years, the department began transitioning from contract/vendor electrical inspections to employee electrical inspections. The Department initiated this transition because the contract program was increasingly offering compensation rates that exceeded the cost of providing inspection services in order to attract contract electrical inspectors in certain areas of the state.

Once the transition is complete, the unit will employ 77 state field inspectors, including 7 virtual inspectors. Although employing state inspectors will cost the agency more to provide the inspection service in contrast to the contract electrical inspection program, this model will create more stability for the program and improve service through more consistent worksite license and ratio checks, better ensuring adequate worker supervision, safety, and qualifications. Additionally, the department will continue to generate efficiencies by expanding the virtual inspection program. Virtual inspections provide on-the-spot/real-time inspections for smaller projects while the electrical contractor is on the work site. This avoids the need for return trips, reducing project delays for contractors and reducing carbon emissions.

Currently, the electrical inspections unit employs 6 full time virtual electrical inspectors and has conducted more than 2,000 electrical inspections per month in recent months. This proposal provides sufficient revenue to hire 1 additional virtual inspector and 1 additional field inspector to support the expansion of this valuable and efficient approach to electrical inspections.

The electrical inspections unit is forecasting a net deficit of \$6.9 million each year. To address the deficit, DLI proposes the implementation of:

- A \$25 electrical permit application fee
- A \$10 virtual electrical inspection fee
- An increase in the minimum field electrical inspection fee from \$35 to \$55
- An increase in the per circuit fee from \$6.00 to \$12.00

This fee structure will fund the costs of the electrical inspection program while ensuring fee increases do not fall disproportionately on smaller projects/lower valued permits. Additionally, a reduced virtual inspection fee better matches the cost of providing this service and will incentivize contractors to use the technology.

Class 4 Systems: By adding "class 4" circuits to the Technology System or Circuits definition in 326B.31, the language will address a new technology that was introduced in the 2023 edition of the National Electrical Code (NEC). Class 4 systems are an evolving technology that incorporates a fault-managed power system. By limiting the fault energy, it mitigates the risk of shock or fire and allows the system to be installed similar to that of power-limited circuits. The use of class 4 systems for premise wiring systems will reduce installation costs. The Board of Electricity adopted the 2023 NEC on July 1, 2023, and in the fall of 2023, the board reviewed the licensing and inspections laws associated with class 4 systems. In the end, the board determined that a Technology System Contractor could install the class 4 system and that electrical inspections should be required. The proposed

changes will incorporate the additional fees associated with inspections of class 4 installations. Since this is an emerging technology and new to the market, few systems are being installed today due to product availability. The impact of costs associated with the additional inspection fee would be minimal.

Energy Storage and Battery Systems: The installation of energy storage and battery system technologies has greatly increased in recent years. Current inspection fee schedules for solar and wind electrical installations which power these energy storage and battery systems, are not structured specifically for this renewable energy technology. The proposed fee schedule is similar to those that are collected for wind and solar installations and will not increase fees currently being collected by the department for energy storage and battery projects.

### **Elevator Inspections**

The Department's elevator inspections unit provides inspections on all newly installed and altered elevator-related devices as well as periodic safety inspections on over 24,000 existing elevator-related devices. The number of existing elevator-related devices continues to increase as more elevators are constructed. The department adds an average of 475 elevators to the periodic safety inspection workload annually through new construction.

The elevator operating permit fee was set in statute in 2007 and funds the periodic safety inspections program. At that time, it was estimated approximately 15,000 elevators existed statewide.

Revenue generated in FY23 and FY24 resulted in negative funding for the program.

DLI proposes to increase the annual elevator operating permit fee from \$100 to \$145, create a \$10 elevator virtual inspection fee, and hire 2 new FTE elevator inspectors. The additional revenue will support and maintain projected services through FY29. Additionally, a reduced virtual inspection fee better matches the cost of providing this service and will incentivize contractors to use the technology.

### **Boiler Inspections**

The Department's boiler inspection unit provides boiler and pressure vessel, boats for hire, and hobby boiler/steam show inspection services statewide. In FY24, the unit conducted 8,443 inspections of these devices. The unit also performs triennial audit service for ASME Code and national board stamp holders upon request. The unit maintains current and historical inspection data for over 76,000 boilers and pressure vessels. The boiler/pressure vessel registration fees help offset the cost of providing these services.

The responsibility to inspect boiler and pressure vessel devices is split between the department boiler inspection unit which inspects approximately 11,400 devices and insurance company inspectors that inspect the remaining 64,600 devices. When insurance companies stop providing inspections on those devices or fail to report inspections, the workload is shifted to the department's boiler inspection unit. As such, the unit must maintain sufficient staffing to meet inspection needs and ensure public safety.

For the last decade, this unit has maintained 10 boiler inspector positions. The cost of operations for this unit have risen by 74% from \$1.2 million in SFY13 to \$2.09 million forecasted in SFY25. All cost increases to the unit have been due to inflationary costs. During this same period, fee revenues for this unit have remained flat at \$1.04 million each year, which is a forecasted net deficit of \$1.05 million. DLI proposes increasing the boiler registration fee from \$10 to \$25. The net fee increase of \$15 would generate the additional \$1.05 million needed for DLI to support the cost of their operations. To help offset the increasing backlog of overdue inspections, DLI is also proposing to add one FTE boiler inspector to the boiler inspection unit.

### **Plumbing Plan Review**

The plumbing plan review unit reviews plumbing construction documents to ensure compliance with the Minnesota Plumbing Code for all non-residential buildings and for residential buildings having five or more dwelling units. In FY24, the unit completed 2,469 plumbing plan reviews. From 2005, when Governor Pawlenty



consolidated administration of the Minnesota Plumbing Code into the Minnesota Department of Labor and Industry/Construction Codes and Licensing Division, until 2023, this unit maintained 8 plan reviewer positions. Starting in 2017 the unit began accepting electronic documents for plan review at a steadily increasing rate such that nearly 90% of the review packages are now in electronic format. Reviewing electronic documents saves stakeholders substantial cost in printing, mailing, coordination, and time. However, plan review of electronic documents is more labor intensive and more time consuming.

Plumbing plan review has experienced an increase in average plan review wait times over the past six years due to changes in technology and a general reduction in the quality and completeness of documents submitted for review. Average wait times for the first review have increased from three weeks to twelve weeks. To address these wait times, the unit has increased plan review staff by 60%, adding five new plan reviewers to its original staff of 8 and plans to add two additional plan reviewers to the staff prior to January 1, 2025 increasing the original staff by 87.5%. With the additional staff, DLI anticipates a reduction in wait times for review from twelve weeks to an average of three weeks after the new staff are trained.

Since SFY12, plumbing plan review fee revenues have remained flat at \$1.2 million each year. Fees have not been adjusted since 2007. The current operating budget for the unit is \$2.4 million, resulting in a deficit of \$1.2 million for the unit. The current fixture-based fee structure does not consider the higher cost of reviewing small projects, the economies of scale in reviewing larger projects, nor does the fee structure differentiate between straightforward projects and highly complex projects. DLI is proposing to implement a valuation-based fee structure to more accurately reflect the cost of services provided. A valuation-based fee structure can be graduated to charge an incrementally higher rate for smaller projects to cover costs of administration. The valuation-based fee structure is graduated for projects of higher valuation which can leverage economies of scale for plan review. More complex projects will also have higher valuation costs which will be reflected in incrementally higher plan review fees.

DLI has collected valuation data for the past year and projected the cost of providing plan review services in order to develop valuation-based fee structure. This proposed fee structure will cover DLI's costs to provide plumbing plan review services over the next five to six years assuming average inflation rates of 3% for both expenses and fee valuations.

### **Plumbing Inspections**

The plumbing inspections unit provides field inspections for plumbing installations to ensure compliance with the Minnesota Plumbing Code for all non-residential buildings and for residential buildings having five or more dwelling units. In FY24, the unit conducted 5,202 plumbing inspections. There are currently seven regional plumbing inspectors covering the entire state of Minnesota. DLI proposes adding one plumbing inspector to the current staff of seven and to reconfigure the assigned regions into eight regions. This is projected to reduce inspector drive time by 10-15% and increase the average number of inspections that can be performed in a workday by a similar amount. This would result in a projected reduction of inspection wait times and an efficiency improvement of 15% due to reduction in travel time.

The additional plumbing inspector proposed in this request brings the plumbing inspections unit to 8.25 FTE supported by plumbing inspection fee revenues. The unit generates an average total of just \$650,000 in revenue each year, while the inspection unit's operating budget is forecasted at \$1.59 million each year, a net deficit of \$940,000. Similar to plumbing plan review, the current fixture-based fee structure does not consider the higher cost of inspecting small projects, the economies of scale in inspecting larger projects, nor does the fee structure differentiate between straightforward projects and highly complex projects. DLI is proposing to implement a valuation-based fee structure to more accurately reflect the cost of services provided. A valuation-based fee structure can be graduated to charge an incrementally higher rate for smaller projects to cover costs of travel and administration. The valuation-based fee structure is also graduated for projects of higher valuation which can

leverage economies of scale inspections. More complex projects will also have higher valuation costs which will be reflected in incrementally higher inspections fees.

DLI has collected valuation data for the past year and projected the cost of providing inspections services through permitting in order to develop valuation-based fee structure. This proposed fee structure will cover DLI's costs to provide plumbing inspection services over the next five to six years assuming average inflation rates of 3% for both expenses and fee valuations.

### **Manufactured Structures**

The manufactured structures unit is comprised of three distinct components: the manufactured housing program, prefabricated buildings program and industrialized and modular buildings program. All three components integrate both plan review and field inspections of plant fabrication work. The current staff of five provide multiple functions of plan review, plant inspections and field inspections throughout the state within the context of their duties.

The first unit component is the manufactured housing program administered by DLI/CCLD as a delegate of the Federal Department of Housing and Urban Development (HUD). Manufactured homes are comprised of multiple sections (floors) constructed on a permanent chassis within a factory and shipped to a local site for installation. Fees for this program have not been modified since 2012 and are proposed to be adjusted to provide funding to support the component services required by the federal HUD program. DLI is responsible for auditing manufactured home dealers, home installations, and safety criteria for the sale of previously owned manufactured homes. DLI proposes adding one FTE to facilitate the required auditing. DLI proposes to modify or add fees as follows:

- Increase installation seal fees from \$80 to \$175 per initial home installation.
- Assess a shipment fee of \$75 per floor for all manufactured home units shipped to Minnesota dealers regardless of the manufacturer's location.
- Assess a new resale decal fee of \$100 for previously owned manufactured homes. The decal indicates that the home has been reviewed to meet statutory minimum requirements. DLI will audit the decal inspections program as part of dealer auditing. New minimum statutory requirements include provisions for minimum life safety, electrical, plumbing, heat-producing equipment, and general requirements. These minimum statutory requirements are similar to what other states, such as Alabama, use.
- Implement a new licensing requirement for manufactured home salespersons with a new licensing fee of \$80 per bi-annual license. Several manufactured homes dealers run their operations from out of state and have in-state sales staff. DLI is proposing to require licensing of salespersons to ensure that those working directly with home buyers have a clear understanding of the rules and regulations governing manufactured homes. Currently there is no licensing criteria for salespersons. The licensing will have an education component which will require a fee to fund the program administration.

The revenue from these proposed fees will support the existing program and enable to unit to better serve Minnesota manufactured homeowners. HUD requires that manufactured homes receive a final inspection prior to occupancy. There are vast parts of greater Minnesota where there is no local administration of the building code. Homeowners in these areas are currently waiting 6-12 months for private inspections of the final home installation before they can move in. The private market currently provides this service ranging from \$1,200-\$1,600 per home. Because many of these homeowners are lower resourced, this is a hardship that DLI/CCLD would like to address. DLI proposes adding 3 FTE to support this service and provide it at the lowest market rate cost currently available in the private sector. The goal is to complete the final inspection within 3 weeks of installation. In areas where there is local code adoption, the local building officials will continue to provide this service.

The second component of manufactured structures is the prefabricated buildings program. This is the smallest of the three programs. Prefabricated buildings are constructed in a controlled environment and then shipped to a

site for installation on a permanent foundation. Often these buildings are homes or small offices constructed in high schools to teach students the skills required in the construction trades. Plan review and inspection fees are charged on a valuation basis. There is no fee change proposed for this program.

The third component of manufactured structures is industrialized and modular buildings regulated by the Interstate Industrialized Building Commission (IIBC). These buildings include factory construction of whole building modules for shipment and assembly on site. They may be highly complex multi-story buildings. The range of buildings and the complexity of the structures manufactured by this industry have grown exponentially in the past half-decade that generate increasing workload demands on DLI staff. DLI’s work under this program has been charged on an hourly basis using an hourly rate that does not cover the cost of administering the program. Additionally, because fees are charged on an hourly basis, manufacturers are unable to clearly predict the final cost of permit administration and struggle to include accurate costs in their construction costs. This type of building is most closely aligned with DLI’s standard building permit fee structure, and it is appropriate to include a similar valuation-based fee schedule for the plan review of these structures that provides predictable fees for manufacturers and will help to cover costs for administering the program. DLI proposes fee modifications as follows:

- Increase the hourly rate from \$63.25/hour to \$125/hour for Systems Manual review and updating, Quality Control Manual review and coordination, Installation manuals, and miscellaneous plan review and inspections not covered by the normal plan review fees or permit fees.
- Shift from using an hourly rate for plan review of commercial buildings to using the valuation-based building plan review fee schedule similar to all other building plan review projects reviewed by DLI. Valuation will include all of the fabricated elements of the building.
- Shift from using an hourly rate for plan review of single-family residential buildings to using the valuation-based building plan review fee schedule similar to all other building plan review projects reviewed by DLI. Valuation will include all of the fabricated elements of the building.

**Dollars in Thousands**

<b>Component Revenue</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 25-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
Boiler Inspections	1,065	1,065	2,130	1,065	1,065	2,130
Electrical Inspections	6,881	6,881	13,762	6,881	6,881	13,762
Elevator Inspections	923	923	1,846	923	923	1,846
Manufactured Structures	1,175	1,199	2,374	1,199	1,199	2,398
Plumbing Plan Review	1,617	1,671	3,288	1,671	1,671	3,342
Plumbing Inspections	912	942	1,854	942	942	1,884
<b>Total Revenue</b>	<b>12,573</b>	<b>12,681</b>	<b>25,254</b>	<b>12,681</b>	<b>12,681</b>	<b>25,362</b>

<b>Component Expenditures</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 25-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
Boiler Inspections	170	182	352	182	182	364
Electrical Inspections	354	376	730	376	376	752
Elevator Inspections	355	375	730	375	375	750
Manufactured Structures	640	680	1,320	680	680	1,360
Plumbing Plan Review	315	339	654	339	339	678
Plumbing Inspections	184	194	378	194	194	388
<b>Total Expenditures</b>	<b>2,018</b>	<b>2,146</b>	<b>4,164</b>	<b>2,146</b>	<b>2,146</b>	<b>4,292</b>

Component FTE	FY 26	FY 27	FY 28	FY 29
Boiler Inspections	1.0	1.0	1.0	1.0
Electrical Inspections	2.0	2.0	2.0	2.0
Elevator Inspections	2.0	2.0	2.0	2.0
Manufactured Structures	4.0	4.0	4.0	4.0
Plumbing Plan Review	2.0	2.0	2.0	2.0
Plumbing Inspections	1.0	1.0	1.0	1.0
<b>Total FTE</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>

**Impact on Children and Families:**

This proposal is intended to assist in the continued protection of the health, safety and welfare of the Minnesota public through the administration and enforcement of reasonable and uniform standards for Minnesota’s buildings and construction professionals. As such, it will positively impact children and families.

**Equity and Inclusion:**

These proposals will positively impact the public at large and the construction industry stakeholders served by the Construction Codes and Licensing division by ensuring that services can continue to be delivered in a timely and high-quality manner.

**Tribal Consultation:**

The department has no construction oversight within any Tribal Nation but will/has provided project plan review and construction inspection services when requested by a Minnesota Tribal Government.

**Results:**

**Elevator Inspections**

Over the last several years, the Department has continued to increase the frequency of periodic elevator inspections by increasing inspection personnel each FY as operating permit revenues allowed. However, the costs of providing these inspections have increased much faster than operational revenues. Increasing the operating permit fee will allow the Department to hire additional inspectors which will decrease the time between these periodic safety inspections and in turn provide safer elevator equipment operating throughout the state.

**Boiler Inspections**

The boiler inspections unit has increasingly been losing ground on both the supporting fees and the ability to perform periodic safety inspections as required by statute. Adjusting fees will provide the necessary funding to support the proposed staffing level. Adding more field support should help to decrease the backlog of periodic safety inspections that have been created through the addition of new devices and the transfer of devices from insurance inspections to state inspections. Decreasing the time between safety inspections will generally provide fewer opportunities for unsafe conditions to go unnoticed and in turn provide safer equipment.

**Plumbing Plan Review**

Plumbing plan review performance measures include: 1) Application wait times in the review queue prior to initiation of the review; 2) Average number of review letters sent to the applicant before compliance is achieved; and 3) Fees that pay for the services provided including overhead.

Because fees are so low, applicants are using DLI’s plan review team as their quality control because it is less expensive for DLI to point out their errors than it is for them to find the errors on their own before submitting their plans for review. Raising fees will cover the costs of providing plan review services, pay for additional staff needed to review application packages, and with adequate staffing levels, lower the wait times for application

packages to be reviewed. Ultimately, applicants will find that they are financially better off performing their own quality control and the quality of the initially submitted documents will improve.

DLI has already increased the plumbing plan review staff by 60% as of September 2024 and plan to add two additional plan reviewers prior to January 2025, increasing staff by 87%.

**Plumbing Inspections**

The goal with the increase in staff and fee structure changes is to increase overall unit efficiency by providing enough staff to reduce drive time between inspections and spend more time actually providing inspections. Additionally, the fee increases will offset the actual cost of administering the program since fees have not been adjusted since 2013, and more equitably charge applicants for the actual cost for the service provided. Plumbing Inspections performance measures include: 1) Inspection wait times from request to inspection; 2) Efficient use of inspector time by reducing windshield time vs. Inspections time; and 3) Fees commensurate with the services provided including overhead.

**Manufactured Structures**

Manufactured structures performance measures include: 1) Fees commensurate with the services provided including overhead; 2) Sufficient staffing to provide mandatory auditing in accordance with the federal Housing and Urban Development (HUD) program and the Interstate Industrial Buildings Commission (IIBC); 3) Sufficient staffing to reinstate jurisdictional exclusivity over plan review and inspections of IIBC regulated buildings to better safeguard the health and safety of Minnesotans; and 4) Sufficient staffing to provide installation inspections services to manufactured home owners in municipalities without local code enforcement who must make private arrangements for inspections and can wait 6-12 months to move into their completed home due to the lack of private inspectors qualified to meet the need.

Unit	Measure	Measure Type	Measure Data Source	Most Recent Data	Projected Change
Plumbing Plan Review	Decrease wait time for contractors - Business days from completed application to Plan Review Initiation	Result	IMS Permitting and Licensing Database	60 business days 09/2024	Wait times reduced to 15 business days
	Improved plan quality - Average number of compliance deficiency letters issued prior to plan review approval	Quality	IMS Permitting and Licensing Database	4 deficiency letters on average prior to approval 09/2024	1.5 deficiency letters on average prior to approval
	Plan review fees cover costs for administering the program	Quantity	IMS Permitting and Licensing Database	Fees are deficient from expenditures by 122% in FY 2025 and has been in progressive deficit since FY 2020	Fees average < 10% deviation from operating costs

<b>Plumbing Inspections</b>	Permit fees cover costs for administering the program	Quantity	IMS Permitting and Licensing Database	Fees are deficient from expenditures by 125%- 134% each Year between FY 2023 and FY 2025	Fees average < 10% deviation from operating costs
	Increased staff size reduces inspector miles per inspection	Quantity	Monthly Vehicle Reports	Average 916 miles per week per inspector	Average 776 miles per week per inspector; 15% reduction in windshield time
	Increased staff size reduces wait times for inspections	Result	IMS Permitting and Licensing Database	18 inspections/week/inspector	21 inspections/week/inspector; 15% more inspections/week
<b>Mfgd Structures</b>	Fees cover costs for administering the program	Quantity	IMS Permitting and Licensing Database	Fees have been running a substantial and progressive deficit since before FY 2022 in FY 2025 the deficit is currently 213%	Fees average < 10% deviation from operating costs
	Staffing is sufficient to administer the federal requirements for auditing the manufactured structures industry in state.	Result	IMS Permitting and Licensing Database	Auditing achieving approximately 60% of the federal requirement.	Auditing achieves 100% of the federal requirement.
	Staffing is sufficient to reinstitute exclusivity for plan review and plant inspections.	Quality	IMS Permitting and Licensing Database	Audits of third-party plan review and inspections indicate significant safety deficiencies	DLI resumes exclusive jurisdiction over plan review and inspections
<b>Mfgd Structures</b>	Staffing is sufficient to provide installation inspections services to new homeowners in municipalities without local code enforcement.	Result	IMS Permitting and Licensing Database	Homeowners wait 6-12 months for a final inspection before they can move into their home, cost: \$1,200-\$1600	DLI provides home final inspections within three weeks of request, cost: \$1,200 per inspection.

<b>Boilers</b>	Boiler Inspections	Quantity	IMS Permitting and Licensing Database	Department Boiler inspections unit currently has over 3800 overdue boiler inspections that fall under their jurisdiction. The boiler inspection unit has been under funded and operating in a deficit.	If successful with the addition of the new FTE there should be a reduction of overdue boiler inspections, and the fee increase should support the services being provided.
<b>Boilers</b>	Boiler Inspections	Quality		Registration fees provide the revenue needed to support the boiler inspections unit. An increase in the registration fee which has been in place since 2005 will support the fee for service model within CCLD.	Increasing the fees will support the current and additional FTE staffing levels, making them self-supporting, and decrease the number of overdue inspections.
<b>Boilers</b>	Boiler Inspections	Result			Providing timely safety inspections leaves less time for things to go unnoticed which provides more safety to those that rely on their services.
<b>Elevators</b>	Elevator Inspections	Quantity	IMS Permitting and Licensing Database.	In the last two Fiscal years periodic elevator inspection frequency has been at or just below 2 years.	The impact of adding two FTE elevator inspectors is estimated to increase periodic inspections by approx. 1,600 and should result in near annual periodic inspection frequency

<b>Elevators</b>	Elevator Inspections	Quality		Fees have been deficient for the last two fiscal years. 5.6% in FY23 and 14.8% in FY24.	If successful, safety inspection frequencies will decrease and the fees will support the services being provided.
<b>Elevators</b>	Elevator Inspections	Result		Increase the annual operating permit fee that collectively funds our periodic safety inspection program to \$145.	The success of this program should provide some assurance to the public that devices are being inspected regularly.
<b>Elevators</b>	Virtual Stairway Chairlift Inspections	Quantity	IMS Permitting and Licensing Database	The elevator inspections unit has been performing remote virtual inspections and accepting offline field reports on stairway chairlifts.	Inspection costs to the department stairway chairlifts were minimized due to the reduction of travel and actual time to perform the inspection.
<b>Elevators</b>	Virtual Stairway Chairlift Inspections	Quality		The Department recently developed a process where safety and code compliance can be measured remotely	Offline field reports sufficiently verify the safety of the devices and provides a cost savings to both the contractors and owners.
<b>Elevators</b>	Virtual Stairway Chairlift Inspections	Results		Reduce inspection fee to \$10.00 for a virtual or offline field report inspections.	Reduced inspection fee will incentivize contractors to use the technology and continue to promote the expansion of the program and associated cost and carbon emissions savings
<b>Electrical</b>	Completed inspections per inspector disaggregated by virtual and field inspections	Result	IMS Database	Because the virtual inspection program is relatively new, DLI is tracking data and will be able to report on this metric in the future.	DLI anticipates the virtual inspection program will be more efficient because of the elimination of travel time.



<b>Electrical</b>	Virtual Inspections	Result		Reduce minimum inspection fee to \$10.00 for a virtual inspection	The reduced minimum fee will incentivize contractors to use the technology and will continue to promote the expansion of the program and associated cost and carbon emissions savings
<b>Electrical</b>	Increased staff size reduces wait times for virtual inspections	Result	IMS Permitting and Licensing data base	A virtual inspector position will add around 475 inspections per month	5,700 inspections per year reduces the need for on-site inspections and reduces drive time.

**Part B: Use of Evidence**

**Plumbing Plan Review:**

1. The proposed plan review fee changes were developed based upon project valuation data gathered since January 2024 in comparison to the quantity and number of plumbing fixture units of projects submitted for review during the same time period and over the past five years. Expenditure data for the unit was also gathered for the past five years and the number of FTEs adjusted to complete the required workload within the statutory requirements with a contingency for busier times. Then the valuation-based fee schedule was developed based upon the anticipated expenditures of the revised unit size and the projected quantity and value of future projects submitted for review.
2. The unit is planned to undergo a process evaluation to identify any further efficiencies that may be found.

**Plumbing Inspections (permitting):**

1. The proposed permit fee changes were developed based upon project valuation data gathered since January 2024 in comparison to the quantity and number of plumbing fixture units of projects submitted for review during the same time period and over the past five years. Expenditure data for the unit was also gathered for the past five years and the number of FTEs adjusted to complete the required workload within the statutory requirements with a contingency for busier times. Then the valuation-based fee schedule was developed based upon the anticipated expenditures of the revised unit size and the projected quantity and value of future projects submitted for review.
2. No formal evaluation is planned at this time.

**Manufactured Structures:**

1. A MAD study was performed to identify staffing needs, unit priorities and potential restructuring. The study determined that the unit was understaffed to provide the services required by the state building code and the federal HUD program for manufactured homes. This proposal includes proposed staffing changes to right-size the manufactured structures unit and to adjust fees to address the significant shortfall in funding supporting the existing unit, and to provide additional to support the necessary added staff.
2. No additional formal evaluation is planned at this time.

Part C: Evidence-Based Practices

<p>Cost Recovery Fee Schedules: Plumbing Plan Review and Inspections used cost-recovery models that align fees with the actual cost of services provided. This ensures financial sustainability while justifying the need for increases. Many local governments use similar fee structures to ensure that programs are not subsidized by other divisions.</p>	<p><a href="#">GAO-20-195G, Accessible Version, Cost Estimating and Assessment Guide: Best Practice by Developing and Managing Program Cost</a></p>
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**Statutory Change(s):**

326B.106 GENERAL POWERS OF THE COMMISSIONER OF LABOR AND INDUSTRY

326B.154 PREFABRICATED AND INDUSTRIALIZED-MODULAR PLAN REVIEW AND INSPECTION FEES

326B.184 FEES FOR LICENSURE AND PERMIT (Elevators)

326B.2 MANUFACTURED HOME BUILDING CODE

326B.21 DEFINITIONS

326B.22 COMPLIANCE

326B.23 ADMINISTRATION

326B.235 PLACEMENT OF MODULAR HOMES

326B.24 PENALTIES

326B.25 FINES

326B.49 PLUMBING APPLICATIONS AND FEES

326B.6 MANUFACTURED HOME SALES AND MANUFACTURER, DEALER, INSTALLAER, AND SALESPERSON LICENSING (from 327B)

326B.601 DEFINITIONS (from 327B.01)

326B.602 WARRANTIES (from 327B.02)

326B.603 WARRANTIES; DURATION, HONORING (from 327B.03)

326B.604 MANUFACTURERS, DEALERS, AND SALESPERSONS; LICENSES AND BONDS (from 327.04)

326B.6041 MANUFACTURED HOME INSTALLAERS (from 327B.041)

326B.6042 NOTICE TO COMMISSIONER (from 327B.042)

326B.605 DENIAL, SUSPENSION AND REVOCATION OF LICENSES (from 327B.05)

326B.606 DEALER'S RECORDS (from 327B.06)

326B.607 RESPONSIBILITY OF DEALERS (from 327B.07)

326B.608 DUTIES (from 327B.08)

326B.609 PROHIBITIONS (from 327.09)

326B.6095 INTEREST, POINTS, FINANCE CHARGES, FEES, AND OTHER CHARGES (from 327.095)

326B.610 RULEMAKING AUTHORITY (from 327B.10)

326B.611 RECOURSE TO THE BOND (from 327.11)

326B.612 ADDITIONAL REMEDIES AND ENFORCEMENT (from 327B.12)

326B.986 FEES FOR INSPECTION (Boilers)

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Misclassification Enforcement Funding

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	281	286	286	286
Revenues	0	90	90	90
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	281	196	196	196
<b>FTEs</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

### Recommendation:

The Governor recommends \$281,000 in FY26 and \$286,000 each year after from the general fund to increase funding for the enforcement of worker misclassification laws.

### Rationale/Background:

Employee misclassification occurs when employers fail to treat their workers as employees, denying them workers’ compensation insurance, overtime protections, minimum wage, unemployment insurance, earned sick and safe time (ESST), paid leave, and more. Employee misclassification also destabilizes the social safety net by causing an under collection of unemployment insurance premiums and employment taxes. Finally, employee misclassification hurts law-abiding employers, who cannot compete with employers who misclassify their workers and reap corresponding financial benefits.

In 2024, the Legislature strengthened the laws which prohibit the misclassification of employees as independent contractors. Due to these changes, DLI now has the authority to issue compliance orders and order increased damages and penalties to employers who misclassify or misrepresent employees as independent contractors. As of March 1, 2025, in the construction industry context, the test to overcome the presumption that a worker is an employee will require the employer to show that each of 14 elements are met to consider a worker an independent contractor. The laws now also provide for individual and successor liability for employers who misclassify workers. Finally, the law requires the Intergovernmental misclassification education and enforcement partnership to make staffing recommendations for partnership entities, including budget requests to carry out the recommendations necessary to fulfill the duties outlined in Minnesota Statutes § 181.725. The additional staffing in this request is necessary to fulfill these duties.

Misclassification harms individual workers and their families. These workers are likely not receiving the benefits guaranteed to Minnesota employees, such as getting paid at least the minimum wage for all hours worked, overtime pay, ESST benefits, and Women’s Economic Security Act (WESA) protections, as well as the benefits of unemployment insurance and workers’ compensation insurance. Misclassification harms the overall economy by reducing employee income and protections and harms employers who do follow the law. Law-abiding employers may lose out on business or contracts against employers who have artificially low operating costs due to misclassifying workers.

**Proposal:**

DLI proposes funding an additional 2.5 FTE Labor Investigator Senior positions to increase and strengthen enforcement of worker misclassification laws in construction and non-construction industries, and to increase outreach to educate employers and workers to reduce and deter potential misclassification violations.

DLI is responsible for enforcing misclassification laws found under chapter 181 and corresponding rules. This proposal will fund 2.5 investigators who will concentrate on the complex work of misclassification investigations, addressing both misclassification and the underlying wage and hour violations resulting from the misclassification.

With additional investigative staff available to complete this work, DLI will conduct outreach regarding the laws, complete thorough and complex investigations, make findings of violations when appropriate, and issue compliance orders and penalties. Misclassification-focused investigators will also analyze the wage and hour practices of violators to determine if affected employees are owed back wages for minimum wage, overtime, and ESST violations as well as damages for other lost benefits.

**Revenue**

The changes made in the 2024 legislative session granted DLI the authority to issue compliance orders and order increased damages and penalties to employers who misclassify or misrepresent employees as independent contractors. During the legislative session, DLI estimated \$712,000 in misclassification-related penalties per year.

With the investment of additional staff, additional investigations will be completed and additional misclassification penalty revenue of \$90,000 is projected each year, starting in FY27.

**Impact on children and families**

Reducing employee misclassification will ensure that Minnesota employees receive all the protections required under the law, including those related to minimum wage, overtime, ESST, WESA, unemployment insurance, and workers' compensation insurance. This will have a positive impact on Minnesota children and families.

**Equity and inclusion**

Workers who are misclassified are often in vulnerable situations and may have fewer resources and tools available to them. For example, workers who do not speak English or are from immigrant communities may be more likely to be misclassified or not realize they are being misclassified. Workers with less knowledge of Minnesota labor and employment laws might not realize the harm of being misclassified until they have been injured at work or are fired for needing to take a sick day, for example. Employers can take advantage of or exploit employees' lack of knowledge or vulnerability to present misclassification as an independent contractor as a benefit to the worker.

**Results:**Part A: Performance Measures

1. DLI will work to reduce the misclassification of employees as independent contractors in construction and non-construction industries by enforcement of the strengthened laws, and by conducting education and outreach. DLI expects to conduct at least ten misclassification investigations by the end of FY2026, which will result in increased penalties to the state and back wages and damages to affected workers who were misclassified. Due to increased enforcement and outreach efforts, DLI expects an increase in calls and complaints regarding misclassification as more Minnesotans become aware of the law and how it can affect them.
2. DLI has data on the issues surrounding each investigation done within the Labor Standards Division and the outcomes of the investigations. The Division also has hotlines and email addresses where employees and employers can ask questions regarding the laws DLI oversees, seek information, or make complaints regarding employers whom employees believe are violating the law. For each call or email received, DLI tracks the issues discussed.

3. As part of the misclassification legislative changes, DLI is part of a new Intergovernmental Misclassification Enforcement and Education Partnership, in which DLI meets with other agencies and offices that are impacted by misclassification of workers, including the Minnesota Attorney General’s Office, the Department of Commerce, DEED, and the Department of Revenue. These participants share information and work together to effectively utilize resources and strategically enforce Minnesota laws regarding misclassification. This interagency partnership will improve interagency referrals as members will meet face to face and can facilitate warm handoffs to the most appropriate agency and can also collect and share best practices and ideas.
4. The Intergovernmental Misclassification Enforcement and Education Partnership is tasked with proposing a metric or metrics for monitoring and assessing the number and severity of employee misclassification violations. It is likely that as that work advances, additional relevant metrics will emerge that are not included here.

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
The number of misclassification investigations completed per year	Quantity	Internal DLI database	2023: 6 Projected annually as result of 2024 misclass law changes: at least 10	By the end of FY2026, at least 10 investigations completed annually
Back wages and/or damages to affected workers	Result	Internal DLI database	Unknown	We expect to see an increase but do not know by how much; it will depend on the investigations; will show positive impact to affected workers.
Inquiries from employees, employers, and other stakeholders	Quantity	Internal DLI database	In 2023: approximately 99	In FY2026, at least 200

Part B: Use of Evidence

For 2023, data from DLI’s internal database was pulled to show the number of inquiries DLI had received regarding misclassification of employees as independent contractors.

Part C: Evidence-Based Practices

<b>Evidence-based practice:</b>	<b>Source:</b>
Enforcement of worker misclassification laws	<a href="#">The economic costs of worker misclassification   Economic Policy Institute (epi.org)</a>

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Statewide Teacher Registered Apprenticeship Grant

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	5,000	2,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,000	2,000	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends \$5 million in fiscal year 2026 and \$2 million in fiscal year 2027 from the workforce development fund to support establishment of a statewide registered teacher apprenticeship program. Funds will be used to support the development of a statewide registered teacher apprenticeship program and joint apprenticeship training committee (JATC). This JATC will provide critical statewide infrastructure for school districts across the state to connect to consistent, high-quality teacher apprenticeship programming and will scale registered teacher apprenticeship in a timely and cost-effective manner, creating additional career pathways into education for individuals from underrepresented populations and underserved communities.

### Rationale/Background:

The Apprenticeship Division at the Minnesota Department of Labor and Industry operates under a five-year strategic plan which includes four broad goals aimed at expanding the number of available qualified workers in Minnesota by strengthening and modernizing registered apprenticeship across the state. These goals include:

1. Develop new registered apprenticeship programs in the Drive for Five industries of education, healthcare, information technology and manufacturing;
2. Expand existing registered apprenticeship programs in construction through the addition of more apprentices, new occupations, new employers, or new service areas, including clean economy occupations
3. Increase diversity, equity, inclusion, and accessibility within all registered apprenticeship programs; and,
4. Improve the State’s overall alignment to the national apprenticeship system and the state’s education and workforce systems.

To date, federal apprenticeship grants have funded a portion of the activities necessary to meet the division’s first goal to develop apprenticeship programs in education, including the launch of a statewide, multi-employer early childhood education apprenticeship program in August 2023 and the registration of three teacher apprenticeship programs in August 2024. Additional federal apprenticeship funding has also allowed teachers, school districts, and labor unions to convene to outline appropriate on-the-job learning requirements for teacher licensure, to identify best practices for recruiting underrepresented populations into the teaching profession, and to research effective statewide teacher apprenticeship models in other states. As a result of these activities, multiple school districts have expressed an interest in apprenticeship but have indicated they lack the resources to launch a program of their own. This interest from districts paired with the success the early childhood education registered apprenticeship program and the lessons shared from other states makes a statewide teacher apprenticeship program ideal. Accordingly, additional funding is needed to meet the high demand specifically for registered

teacher apprenticeship programs and to ensure these programs are implemented consistently and in a way that ensures state licensure requirements are met.

The need for funding is compounded by the nature of developing registered apprenticeship programs within the public sector. Unlike registered apprenticeship programs in the private sector, school districts cannot necessarily recoup all the operational costs associated with administering apprenticeship programs in the same way for-profit companies can in other industries. Thus, developing a self-sustaining statewide apprenticeship program that is able to capitalize on economies of scale is critical for creating additional career pathways into teaching, particularly for individuals who are unable to access the profession through the traditional training routes. This proposed registered teacher apprenticeship model mirrors the organizational structure used successfully within the building and construction trades industry in Minnesota for over 80 years. Similarly to construction, this model will meet the needs of majority of school districts.

This statewide approach will not impact teacher RAP programs already operating in the state, nor will it preclude other school districts and charter schools from pursuing their own registered apprenticeship programs or seeking other federal and state apprenticeship resources. However, a statewide approach allows districts to take advantage of economies of scale in program costs and to leverage a broader network of subject-matter experts in the field, resulting in lower costs and more consistent results in teacher preparation.

The Minnesota Professional Educator and Licensing Standards Board's (PELSB) Supply and Demand of Teachers Report still indicates 84 percent of school districts report being "somewhat significantly" or "very significantly" impacted by a teacher shortage. Additionally, Minnesota continues to lag in hiring and retaining racially and ethnically diverse teachers anywhere close to the proportion of students of color and Indigenous students in the state.

This proposal will help ensure Minnesota has a diverse and skilled teacher workforce that meets the needs of our advancing economy.

**Proposal:**

This proposal would provide one grant award to an education entity representing educators to develop a statewide joint apprenticeship training committee for teacher registered apprenticeships for multiple school districts across the state. Grant funds will be used to pay for personnel costs to plan, operationalize, and administer the statewide teacher apprenticeship program, program infrastructure costs such as software licenses for apprentice tracking systems, curriculum development for related instruction, coordination with postsecondary institutions, training supplies, and marketing and outreach materials. Up to 20 percent of the grant award may be used to offset participating school districts' costs and registered apprentices' fees, including tuition grants to apprentices, stipends for journey-level teachers, and stipends to signatory school districts. Funding may not be used to pay for apprentice wages and apprentices must not incur any cost for their participation in the apprenticeship program.

This grant program is a new initiative which supports Apprenticeship Minnesota's five-year strategic plan and has been developed in coordination with the Minnesota Department of Education and the Minnesota Professional Educators Licensing and Standards Board. Moreover, this proposal complements DEED's Drive for 5 efforts and expands on existing education-specific apprenticeship activities supported through federal grant funding.

**Impact on Children and Families:**

Registered apprenticeship programs lead to careers that pay a family-sustaining wage. The creation of a statewide registered teacher apprenticeship program will more easily connect existing school district staff and other job seekers interested in the teaching profession who may have previously faced systemic barriers to economic success to an additional career pathway into a good job like teaching, which has traditionally only been accessible through a college or university programs. Additionally, increasing the number of well-educated, highly trained

teachers will mean Minnesota students have the most highly qualified educators providing instruction in their classrooms, benefiting children throughout the state and their educational achievement.

**Equity and Inclusion:**

The Minnesota Professional Educator and Licensing Standards Board’s (PELSB) Supply and Demand of Teachers Report indicates Minnesota continues to lag in hiring and retaining racially and ethnically diverse teachers anywhere close to the proportion of students of color and Indigenous students in the state. Through the creation of a statewide teacher registered apprenticeship program, additional job seekers interested in teaching will be able to pursue a teaching license through this earn and learn model often in the communities in which they reside. The ability to earn a paycheck close to home while pursuing a teaching license removes a common cited barriers to access to the teaching profession, allowing more individuals from underrepresented communities to pursue a teaching career.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

X  No

**Results:**

Part A: Performance Measures

In the first year, Apprenticeship Minnesota expects at least 15 school districts from across to Minnesota to sign on as signatory employers to the statewide joint apprenticeship training committee funded through this proposal, and the JATC will register a minimum of 60 apprentices.

Performance measures included in the chart below are similar to the ongoing performance measures provided to the US Department of Labor as part of Apprenticeship Minnesota’s federal apprenticeship grant funding. As part of the federal reporting, Apprenticeship Minnesota collect individual success stories from active apprentices. This interim narrative data will provide additional qualitative evaluation on each program’s success and impact.

Measure	Measure type	Measure data source	Most recent data	Projected change
Minimum number of active apprentices at the end of the second year of funding	Quantity	Apprenticeship sponsors register apprentice agreements in a national database called Rapids. Active apprentices represent a count of active apprentices in the Rapids database.	N/A	60 apprentices
Number of active apprentices by men/people of color/individuals with disabilities/veterans	Quantity	Active apprentices by demographic group in Rapids.	N/A	Demographic targets will be set based on DEEDs Drive for Five workforce analysis for education at the time of the grant award.



Measure	Measure type	Measure data source	Most recent data	Projected change
Completion of provisional program review and conversion to permanent registration status.	Result	Apprenticeship Minnesota completes a provisional program review during the program's first year of operation. Programs in good standing at the completion of the first year are converted to a permanent registration status.	N/A	Program receives permanent registration within one year of program operation.
Percentage of apprentices completing their apprenticeship program on-time.	Quality	Apprentice completions recorded in Rapids.	N/A	90% of active apprentices complete their apprenticeship program on-time.

**Part B: Use of Evidence**

A formal quantitative or qualitative program has not been completed. However, In Minnesota, joint apprenticeship training committees in the construction industry have produced skilled workers from statewide, multi-employer programs, primarily through union programs, for over 85 years. Within the education industry, Apprenticeship Minnesota has also found success with a state-wide, multi-employer model of registered apprenticeship in early childhood education with Child Care Aware of Minnesota. Since 2023, Child Care Aware of Minnesota has successfully registered 29 apprentices across 13 employers located across the state.

**Part C: Evidence-Based Practices**

Evidence-based practice:	Source:
A Review of the Literature on Registered Apprenticeships: Evaluating Registered Apprenticeship Initiatives	<a href="https://www.apprenticeship.gov/sites/default/files/ERAI-draft-literature-review-final.pdf">https://www.apprenticeship.gov/sites/default/files/ERAI-draft-literature-review-final.pdf</a>
Building Sustainable Apprenticeships: The Case of Apprenticeship 2000	<a href="https://www.apprenticeship.gov/sites/default/files/urban-institute-building-sustainable-apprenticeships-the-case-of-apprenticeship-2000.pdf">https://www.apprenticeship.gov/sites/default/files/urban-institute-building-sustainable-apprenticeships-the-case-of-apprenticeship-2000.pdf</a>
State Incentives to Promote and Support Apprenticeship: Takeaways from Eight States	<a href="https://www.dol.gov/agencies/eta/research/publications/state-incentives-promote-and-support-apprenticeship-takeaways">https://www.dol.gov/agencies/eta/research/publications/state-incentives-promote-and-support-apprenticeship-takeaways</a>
Women in Apprenticeships and Nontraditional Occupations in the United States	<a href="https://www.apprenticeship.gov/sites/default/files/WANTO-knowledge-report-508%206.15.23.pdf">https://www.apprenticeship.gov/sites/default/files/WANTO-knowledge-report-508%206.15.23.pdf</a>

**Statutory Change(s):**

N/A

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
General Fund					
Expenditures	0	144	292	292	292
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	1,884	2,194	2,194	2,194
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	2,028	2,486	2,486	2,486
<b>FTEs</b>	<b>0</b>	<b>12.2</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>

### Recommendation:

The Governor recommends additional funding of \$0.144 million in FY 2026 and \$0.292 million in each subsequent year from the general fund, as well as \$1.884 million in FY 2026 and \$2.194 in each subsequent year from the workers compensation fund to help address operating cost increases at the Department of Labor and Industry.

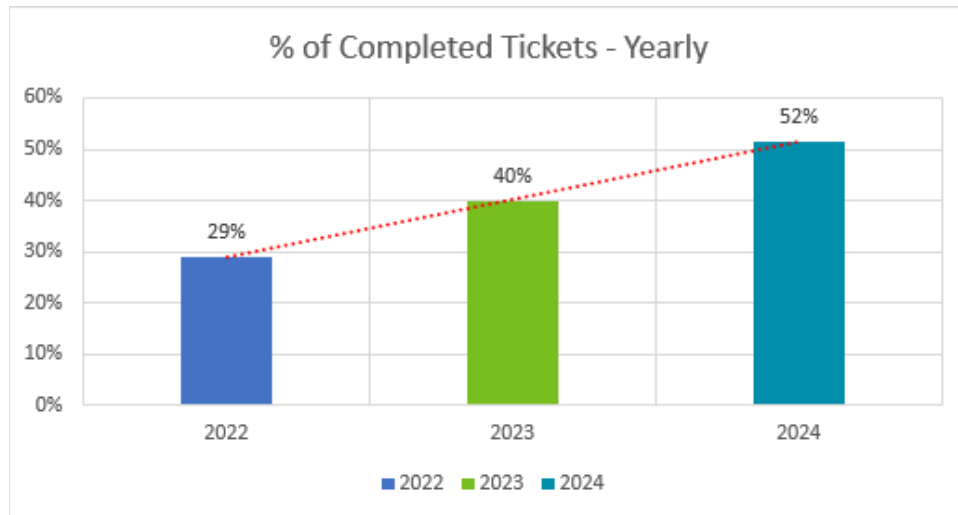
### Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Department of Labor and Industry, the following efficiencies have been implemented to help offset rising operating costs:

- In 2024, the Labor Standards Division hired a newly created Intake/Wage Claim Supervisor position. This position has increased efficiencies in the Division in various manners, including the following:
  - Overseeing the wage claim process within the Division, now mainly handled by labor investigators instead of labor investigator seniors. Having dedicated labor investigator staff primarily responsible for this work has freed labor investigator senior time to focus on time-intensive, complex investigations and has led to overall improved wage claims results – approximately \$301,000 more wages were recovered for workers in CY2024 than CY2023 and the average amount of time to resolve and close a wage claim was reduced from 32 days to 26 days.
  - Reviewing intakes on a regular basis and leading intake meetings. This position regularly reviews intakes received by the Labor Standards Division and provides a synopsis and recommendations for next steps to supervisors and directors before regular intake meetings. This process has led to intake meetings being more efficient and strategic.
- In 2024, the Labor Standards Division hired a newly-created Workers’ Rights Coordinator position that focuses on labor and employment law compliance in the meatpacking and poultry processing industries. This position visited 24 worksites in CY2024 and interviewed 135 personnel during these visits. The Division found that this position successfully identified instances of noncompliance with labor and employment laws and informally resolved these instances with employers, ultimately achieving compliance quicker and with fewer resources than more time-intensive investigations.

- Due to evolving Workers' Compensation Division technology, positions previously needed for paper processing have been optimized to meet current stakeholder needs. In 2023, a training and documentation position was created to develop meaningful training materials for our external stakeholders, facilitate the creation of updated internal business process documentation, and assist with knowledge transfer of a number of staff retiring after decades with DLI via one-on-one engagement and documentation for use by current and future staff. Each of these activities promote efficiency for our external stakeholders and DLI staff.
  - For example, since 2023, the training and documentation specialist has researched pain points of external stakeholders, developed, and published on DLI's website seven new video trainings and downloadable materials related to those pain points, held 4 live training sessions, and provided stakeholders with helpful resources at industry events. This has provided significant support to stakeholders to improve efficiency and confidence in their work. This role has also done research and analysis of DLI's website to inform improvements that allow stakeholders to find information efficiently.
- The Workers' Compensation Help Desk was established in 2020 with 4 full time staff to triage questions and issues of external workers' compensation stakeholders.
  - Since it was established, the Help Desk has become the primary initial point of contact for all workers' compensation questions from external workers' compensation stakeholders to DLI. Their goal is to provide an initial response to any inquiry within one business day.
  - The Help Desk now consists of 3 staff who effectively resolved over 50% of nearly 15,000 incoming calls and emails in calendar year 2024. A few years ago, the team was able to address roughly 29% of inquiries.
  - In sum, since 2020, DLI has reduced the number of personnel on the Help Desk and dramatically increased the percentage of calls they are able to resolve without intervention from Workers' Compensation Division staff with more specific expertise. This is an efficiency for both the Workers' Compensation Division and our stakeholders.



For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

**Proposal:**

**Dollars in Thousands**

<b>Net Impact by Fund</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 25-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
General Fund	144	292	436	292	292	584
Other Fund – Workers Compensation	1,884	2,194	4,078	2,194	2,194	4,388
<b>Total All Funds</b>	<b>2,028</b>	<b>2,486</b>	<b>4,514</b>	<b>2,486</b>	<b>2,486</b>	<b>4,972</b>

<b>Fund</b>	<b>Component Description</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 25-27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 28-29</b>
GF	Compensation	144	292	436	292	292	584
Workers Compensation	Compensation	1,884	2,194	2,194	2,194	2,194	2,194

**Results:**

This recommendation is intended to help the Department of Labor and Industry address rising cost pressures and mitigate impacts to current levels of service and information to the public.

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Strengthening Mandatory Break Laws

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	20	20	20	20
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(20)	(20)	(20)	(20)
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends updating Minnesota’s work and meal break laws (Minn. Stat. 177.253 (Mandatory Work Breaks) and Minn. Stat. 177.254 (Mandatory Meal Break)). This proposal does not involve a funding request but rather requests a legislative change to strengthen mandatory break laws and to provide DLI with more robust tools to enforce break laws and deter violations from occurring; current DLI staff would perform prevention and enforcement work under the proposed legislative change. DLI projects increased revenue from this proposal as it establishes remedies, including penalties, for violations of break laws. Currently, penalties are only available if a breaks violation is found to be repeated or willful.

### Rationale/Background:

Minnesota is one of few states that does not have a clear standard in statute addressing the amount of time that must be provided to employees for breaks; see <https://www.dol.gov/agencies/whd/state/meal-breaks> for a comprehensive overview of meal break standards by state. Additionally, many states provide a meal period to employees after 5 – 6 hours worked, while Minnesota’s current law provides a meal break for employees working eight or more consecutive hours. Current law in Minnesota also does not provide remedies for break violations unless a violation is repeat or willful. This proposal provides a clear standard for the amount of time that must be provided to employees for meal and rest breaks, requires a meal break for employees after working six hours, and provides clear remedies when these standards are violated. The proposal will provide employers with clearer guidelines regarding break responsibilities and will provide more straightforward guidance to employees regarding their workplace rights. In addition, the clear remedies, including penalties, will deter employers from violating breaks-related laws. Finally, it will help build a thriving workforce by ensuring that jobs in Minnesota are high-quality jobs.

### Proposal:

This proposal would create a clear standard for the amount of time that employers must provide their employees for rest and meal breaks. The current standards found in Minn. Stat. 177.253 and Minn. Stat. 177.254 do not provide clear guidance to employers or employees about breaks-related rights and responsibilities but rather state that “adequate time” must be provided for rest breaks and “sufficient time” must be provided for meal breaks; these vague standards do not align with the approach taken by the majority of states, which provide specific amounts of time that employers must provide for rest breaks and meal periods; see <https://www.dol.gov/agencies/whd/state/meal-breaks> for a comprehensive overview of meal break standards by state. This proposal instead would state that employees are entitled to at least 15 minutes of rest break time for every four consecutive hours worked and at least a 30-minute meal break for every six consecutive hours worked.

This proposal also reduces the amount of consecutive time that must be worked before a meal period is provided, from eight hours to six hours, to align with the minimum standards provided in many other states. Finally, this proposal provides clear remedies when break-related provisions are violated.

In 2022, DLI's Labor Standards Division received 312 intakes that involved breaks laws; in 2023, this number rose to 345. In 2022, these intakes were resolved in the following manner: 265 were inquiries (staff answered questions or provided resources to stakeholders), 42 were handled through the inform and educate process (employers were informed of their responsibilities under the law and given the opportunity to come into compliance without an investigation), and five resulted in an investigation. In 2023, these intakes resulted in 308 inquiries and 37 matters handled through the inform and educate process, as well as four open investigations. DLI anticipates that if there were clearer standards regarding mandatory time provided for breaks, as well as stronger remedies for violations, it would open more investigations related to breaks violations; it assumes at least 25% of current inform and educate matters would proceed as investigations instead. Therefore, DLI projects it would pursue approximately 16 breaks-related investigations each year. The Labor Standards Division issues penalties in some but not all investigations. Assuming that penalties would be issued in at least 50% of these investigations, and assuming that at least \$2,500 in penalties would be issued in each of these investigations, the projected increase in revenue is \$20,000, starting in FY26.

### **Impact on Children and Families:**

A clear standard regarding the amount of time that must be provided for rest and meal breaks ensures that all employees in Minnesota receive at least the same minimum benefit. There are numerous studies highlighting the health and productivity benefits of regular breaks for employees<sup>1</sup>, and this legislative proposal will improve the health of employees in Minnesota, ultimately improving the health of working families as well.

### **Equity and Inclusion:**

See above. This proposal applies broadly to all employees in the state of Minnesota.

### **Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

No.

### **Results:**

This proposal would provide a clear standard regarding the amount of time employers must provide to employees for breaks, resulting in all employees in Minnesota receiving at least the same minimum benefit. As this proposal also establishes remedies for breaks violations, including penalties, it would provide a strong deterrent to employers from violating the law.

The current standards found in Minn. Stat. 177.253 and Minn. Stat. 177.254 do not provide clear guidance to employers or employees about breaks-related rights and responsibilities but rather state that "adequate time" must be provided for rest breaks and "sufficient time" must be provided for meal breaks; these vague standards do not align with the [approach](#) taken by the majority of states, which provide specific amounts of time in statute that employers must provide for meal periods. There are numerous studies highlighting the health and productivity benefits of regular breaks for employees.<sup>2</sup>

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<sup>1</sup> [Employees' work breaks and their physical and mental health: Results from a representative German survey - ScienceDirect](#)

<sup>2</sup> [Employees' work breaks and their physical and mental health: Results from a representative German survey - ScienceDirect](#)

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
Additional breaks inquiries and complaints received from employees because of clear break standards and remedies available	Quantity	Through tracking in OnBase data management system	345 (2023)	Increase in inquiries and complaints received; at least 450 in year after law change goes into effect
Additional breaks complaints successfully resolved through inform and education process with employers because of potential for penalties as well as remedies to employees when noncompliant	Quantity/Quality	Through tracking in OnBase data management system	37 (2023)	Increase in complaints successfully resolved through inform and educate; at least 60 in year after law change goes into effect
Additional breaks-related investigations pursued because of clear break standards and increased penalties and remedies available	Quantity	Through tracking in OnBase data management system	4 (2023)	Increase in investigations; at least 10 in year after law change goes into effect

**Statutory Change(s):**

Minn. Stat. 177.253 and 177.254

# Department of Labor and Industry

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Grants to Certified Worker Organizations

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	1,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	0	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends \$1 million in fiscal year 2026 from the general fund to the Department of Labor and Industry (DLI) for grants to certified worker organizations to support them in training nursing home workers regarding provisions of law related to the Nursing Home Workforce Standards Board, Minnesota Statutes, sections 181.211 – 181.217. Among their duties, certified worker organizations are required by law to train nursing home workers on applicable compensation and working conditions in the minimum standards established by the Nursing Home Workforce Standards Board, antiretaliation provisions in the law, how to report violations, the purpose of the board, and standards or local, state, and federal laws, rules, and ordinances regarding nursing home working conditions or nursing home worker health and safety.

### Rationale/Background:

Under the Nursing Home Workforce Standards Board statutes, certified worker organizations have clearly specified duties enumerated in 181.214, subd. 5:

#### Subd. 5. Duties of certified worker organizations.

A certified worker organization:

- (1) must use a curriculum for its training sessions that meets requirements established by the board;
- (2) must provide trainings that are interactive and conducted in the languages in which the attending nursing home workers are proficient;
- (3) must, at the end of each training session, provide attending nursing home workers with follow-up written or electronic materials on the topics covered in the training session, in order to fully inform nursing home workers of their rights and opportunities under sections 181.211 to 181.217;
- (4) must make itself reasonably available to respond to inquiries from nursing home workers during and after training sessions; and
- (5) may conduct surveys of nursing home workers who attend a training session to assess the effectiveness of the training session and industry compliance with sections 181.211 to 181.217 and other applicable laws, rules, and ordinances governing nursing home working conditions or worker health and safety.

Currently, there is no funding provided to certified worker organizations to support them in carrying out their duties. There are an estimated 26,000 nursing home workers in the state of Minnesota, and training is required every 2 years. This means an average of about 1,080 nursing home workers will need to receive training every



month. This proposal would provide \$1 million in one-time funding for DLI to issue grants to certified worker organizations for the purposes of carrying out these duties.

Providing grant funding to support these activities will help to ensure that workers are fully informed of their rights under MN statutes 181.211 through 181.217.

**Proposal:**

This proposal would establish a new, one-time grant program administered by DLI with funding available from July 1, 2025, through June 30, 2028. Certified worker organizations, as defined in MS 181.211 Subd. 3, may apply for grant funding up to \$100,000 per grant. Up to 5 percent of the grant amount could be used by DLI for administering the grant program.

**Dollars in Thousands**

Fund	Component Description	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund	Grants	950	-	950	-	-	-
General Fund	Grants administration	50	-	50	-	-	-

**Impact on Children and Families:**

This proposal would help to ensure that certified worker organizations have the resources they need to successfully provide trainings, respond to worker inquiries, and fulfill other duties under MN statutes 181.214. Ensuring that nursing home workers receive training informing them of their workplace rights helps ensure that these workers and their families benefit from family sustaining wages, holiday pay, and any other standards adopted by the board.

**Equity and Inclusion:**

Empowering workers to better understand and exercise their rights and have a voice in their conditions of employment will promote compliance and support workers and the vulnerable Minnesotans in their care. As certified worker organizations are required by law to conduct trainings in languages in which the attending nursing home workers are proficient, funding will ensure certified worker organizations have sufficient staff able to provide training in multiple language so that nursing home workers understand their rights under the law.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

X  No

**Results:**

Part A: Performance Measures

The most recent research into market conditions by the Nursing Home Workforce Standards Board estimated approximately 26,000 workers that fall under the standards and will require at least one hour of training in the next two years. This training will notify them of their rights on the minimum standards established by the Nursing Home Workforce Standards Board. This training will also help ensure the implementation of the Board’s standards.

The Board has in place a plan to verify that workers have been trained through working with employers and worker organizations. DLI will know that the grants have been successful when it is verified that workers have been trained.

The system for documenting trainings includes worker organizations sharing lists of workers who attended a training with the worker’s employer and then the employer reporting to the Board that their workers have been

trained. As the Board verifies that workers have been trained, DLI will be able to see the success of the grants in ensuring training is delivered to all nursing home workers.

The ability of certified worker organizations to successfully deliver training to all nursing home workers across the state on the minimum standards established by the Nursing Home Workforce Standards Board and other protections in the law will result in more workers being informed of their rights. The success of these trainings can also be measured through surveys that certified worker organizations may conduct to assess the effectiveness of trainings.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of workers trained	Quantity	NHWSB training verification	n/a	If successful, the statutory requirement that all nursing home workers be trained will be achieved.
Nursing home worker retention	Result	DEED's job vacancy survey <a href="https://mn.gov/deed/data/data-tools/job-vacancy/">https://mn.gov/deed/data/data-tools/job-vacancy/</a>		Increased understanding of minimum nursing home standards may result in decreased vacancies over time.

**Part B: Use of Evidence**

The Department of Labor and Industry has not previously conducted a formal quantitative or qualitative program evaluation that has informed the contents of this proposal. The Department has not yet determined whether a formal evaluation of this proposal will be possible or necessary.

**Statutory Change(s):**

N/A.

**Department of Labor and Industry**

**FY 2026-27 Biennial Budget Change Item**

**Change Item Title: Single Egress Stairway Report Appropriation Extension**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
General Fund					
Expenditures	(225)	225	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(225)	225	0	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends a one-year extension to the \$225,000 that was appropriated in FY2025 for the Single Egress Stairway Report (2024 MN Session Laws Chapter 127 Article 14 Sec 3, Article 15 Sec 46).

**Rationale/Background:**

During the 2024 session, the Commissioner of DLI was tasked with evaluating conditions under which apartment buildings with a single means of egress above three stories up to 75 feet would achieve life safety outcomes equal to or superior to currently adopted codes, developing recommendations and writing a report. As such, funds were appropriated for contracting with external experts or an independent third party to develop the report. The report is due December 31, 2025. In order to complete the report as required by law, DLI needs funding to be available for FY25 and FY26.

**Proposal:**

DLI is requesting the one-time FY2025 appropriation of \$225,000 be available through 6/30/2026.

**Impact on Children and Families:**

- N/A

**Equity and Inclusion:**

- N/A

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

- N/A

**Results:**

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
Ability to complete the legislatively mandated report	result	Report completed upon publication.	N/A	Published report by 12/31/2025

**Statutory Change(s):**

N/A

**Program: Workers' Compensation**<https://dli.mn.gov/business/workers-compensation-businesses>**AT A GLANCE**

In fiscal year 2024, the Workers' Compensation Division:

- Resolved more than 1,500 disputes involving injured workers, employers, insurers, vocational rehabilitation providers and health care providers.
- Conducted 421 mandatory coverage investigations.
- Proactively contacted 8,023 new businesses to educate them about workers' compensation laws.
- Completed more than 10,100 assistance contacts including calls, log letters and walk-ins.
- Maintained more than 2.3 million workers' compensation files.
- Conducted 129 rehabilitation consultations to determine an injured worker's eligibility for statutory vocational rehabilitation services.
- Supported more than 9,100 Work Comp Campus (Campus) technology system users through outreach sessions, training materials, communication, and system improvements.

**PURPOSE AND CONTEXT**

The Workers' Compensation Division contributes to the agency's mission by ensuring proper benefits and services are delivered to injured workers quickly and efficiently, and at a reasonable cost to employers. The division educates workers' compensation stakeholders, including injured workers, employers, insurers, vocational rehabilitation providers and health care providers, about Minnesota's workers' compensation laws and enforces those laws. It administers the Special Compensation Fund, which provides benefits to injured workers whose employers failed to carry workers' compensation insurance. The division also provides alternative dispute resolution services to resolve workers' compensation disputes quickly and cost-effectively.

**SERVICES PROVIDED**

The Workers' Compensation Division provides services to stakeholders through its work units:

- Alternative Dispute Resolution;
- Business Technology Office;
- Compliance, Records and Training;
- Office of Workers' Compensation Ombudsman;
- Special Compensation Fund; and
- Vocational Rehabilitation.

The Workers' Compensation Division:

- Contributes to the One Minnesota priority of "Healthy Minnesotans" by educating employees and employers about their rights and responsibilities under workers' compensation laws.
- Provides mediation, ombudsman assistance and other dispute-resolution services.
- Provides workers' compensation benefits to injured workers whose employers did not carry workers' compensation insurance.
- Collects and maintains records pertaining to all workers' compensation injuries in Minnesota with claimed wage-loss or permanent impairment.

- Reviews files for the accuracy of benefit payments and required filings, and issues penalties when appropriate.
- Contributes to the One Minnesota priority of “Thriving Communities, Housing and Workforce” by providing vocational rehabilitation services to injured workers.
- Contributes to the One Minnesota priority of “Fiscal Accountability, Customer Experience and Measurable Results” by engaging with Campus users to identify opportunities for system enhancements and optimized user experience.

## RESULTS

Measure name	Measure type	Previous	Current	Fiscal Year
Workers’ compensation benefits paid*	Quantity	\$17.1m	\$18.6m	2022, 2024
Special compensation fund uninsured recoveries	Quantity	\$701k	\$955k	2022, 2024
Hours of training provided to stakeholders**	Quantity	660	155	2022, 2024
Number of mediations conducted	Quantity	891	610	2022, 2024
Ratio of post- to pre-injury wages for Vocational Rehabilitation unit clients who returned to work	Result	93%	83%	2022, 2024

\*Benefits paid will decline over time as workers’ compensation cases subject to repealed laws are settled and final payments are made.

\*\*The increase in training hours in fiscal-year 2022 was due to an educational campaign for stakeholders related to the Campus platform.

Source: SWIFT and Workers’ Compensation tracking systems, including Campus.

Minnesota Statutes, chapter 176, provides the legal authority for this program’s activities.

# Workers Compensation

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General		125						
2000 - Restrict Misc Special Revenue	9	58	13	58	3	60	3	60
2830 - Workers Compensation	29,838	45,412	34,794	37,993	35,247	33,947	37,131	36,141
<b>Total</b>	<b>29,848</b>	<b>45,595</b>	<b>34,807</b>	<b>38,051</b>	<b>35,250</b>	<b>34,007</b>	<b>37,134</b>	<b>36,201</b>
Biennial Change				(2,584)		(3,601)		477
Biennial % Change				(3)		(5)		1
Governor's Change from Base								4,078
Governor's % Change from Base								6

## **Expenditures by Activity**

Workers Compensation	29,848	45,595	34,807	38,051	35,250	34,007	37,134	36,201
<b>Total</b>	<b>29,848</b>	<b>45,595</b>	<b>34,807</b>	<b>38,051</b>	<b>35,250</b>	<b>34,007</b>	<b>37,134</b>	<b>36,201</b>

## **Expenditures by Category**

Compensation	10,316	10,820	11,516	12,886	11,546	11,469	13,430	13,663
Operating Expenses	2,268	1,716	3,027	4,153	4,192	4,326	4,192	4,326
Grants, Aids and Subsidies	17,263	33,058	20,263	21,010	19,510	18,210	19,510	18,210
Other Financial Transaction	1	1	2	2	2	2	2	2
<b>Total</b>	<b>29,848</b>	<b>45,595</b>	<b>34,807</b>	<b>38,051</b>	<b>35,250</b>	<b>34,007</b>	<b>37,134</b>	<b>36,201</b>

Total Agency Expenditures	29,848	45,595	34,807	38,051	35,250	34,007	37,134	36,201
Internal Billing Expenditures	49	51	3					
<b>Expenditures Less Internal Billing</b>	<b>29,799</b>	<b>45,544</b>	<b>34,805</b>	<b>38,051</b>	<b>35,250</b>	<b>34,007</b>	<b>37,134</b>	<b>36,201</b>

## **Full-Time Equivalent**

	102.05	107.52	102.58	111.90	96.30	93.20	108.50	108.30
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# Workers Compensation

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Direct Appropriation		125						
<b>Expenditures</b>		<b>125</b>						
Biennial Change in Expenditures				(125)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

## 2000 - Restrict Misc Special Revenue

Balance Forward In	9	6	12	1				
Receipts	6	64	2	57	3	60	3	60
Balance Forward Out	6	12	1					
<b>Expenditures</b>	<b>9</b>	<b>58</b>	<b>13</b>	<b>58</b>	<b>3</b>	<b>60</b>	<b>3</b>	<b>60</b>
Biennial Change in Expenditures				3		(8)		(8)
Biennial % Change in Expenditures				5		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.07	0.13	0.10					

## 2830 - Workers Compensation

Balance Forward In	1,049	457	500	1,246				
Direct Appropriation	11,882	12,382	15,190	15,725	15,725	15,725	17,609	17,919
Open Appropriation	17,267	33,060	20,330	21,022	19,522	18,222	19,522	18,222
Receipts	98	13	21					
Balance Forward Out	457	500	1,247					
<b>Expenditures</b>	<b>29,838</b>	<b>45,412</b>	<b>34,794</b>	<b>37,993</b>	<b>35,247</b>	<b>33,947</b>	<b>37,131</b>	<b>36,141</b>
Biennial Change in Expenditures				(2,463)		(3,593)		485
Biennial % Change in Expenditures				(3)		(5)		1
Governor's Change from Base								4,078
Governor's % Change from Base								6
Full-Time Equivalents	101.98	107.39	102.48	111.90	96.30	93.20	108.50	108.30



**Program: Construction Codes and Licensing**<https://dli.mn.gov/business/codes-and-laws>**AT A GLANCE**

In fiscal year 2024, the program:

- Issued or renewed 65,209 personal or business licenses and registrations across 81 categories.
- Administered 9,282 license examinations.
- Completed 2,997 building and plumbing plan reviews.
- Issued 134,927 construction permits.
- Performed 230,504 inspections.

**PURPOSE AND CONTEXT**

The Construction Codes and Licensing Division (CCLD) works to protect the health, safety, and welfare of the public by providing reasonable, uniform, and equitable standards for Minnesota's buildings and construction industry. This provides for the safety of the people of Minnesota and fosters a competitive construction economy that encourages business growth and employment opportunities.

**SERVICES PROVIDED**

CCLD performs the following services to protect the public's health, safety, and welfare:

- Code adoption and administration: Ensures building safety through a comprehensive and efficient process of code adoption and uniform statewide code administration.
- Licensing: Assesses the qualifications of construction professionals and protects consumer and worker safety through individual and business licenses.
- Plan review: Reviews construction plans for state-owned and state-licensed facilities, plumbing installations, and manufactured structures to ensure safe, code-compliant buildings.
- Construction permitting: Expedites safe building construction through the efficient processing of permits.
- Inspection services: Provides thorough inspection of building construction projects to ensure their safety and operational integrity, including the regular inspection of elevators, boilers, and high-pressure piping in accordance with state regulations. Conducts select virtual electrical and elevator inspections to streamline service and save inspector travel time.
- Enforcement: Provides fair and balanced enforcement to achieve compliance with licensure and code requirements.
- Outreach and education: Fosters and promotes safe, accessible, and energy-efficient building design and construction through outreach and education to construction professionals and the public.
- Contractor Recovery Fund: Compensates owners or lessees of residential property in Minnesota who have suffered an actual and direct out-of-pocket loss due to a licensed contractor's fraudulent, deceptive, or dishonest practices, conversion of funds or failure of performance.

## RESULTS

Measure name	Measure type	Previous	Current	Fiscal year
Number of plumbing plan reviews, percent reviewed within 30 days	Quality	2,667 or 53%	2,469 or 65%	2022, 2024
Number of building plan reviews, percent reviewed within 30 days	Quality	629 or 49%	528 or 32%	2022, 2024
Percentage of plumbing and building plan reviews conducted electronically	Result	80.07% Plumbing 94.27% Building	83.18% Plumbing 95.68% Building	2022, 2024
Personal and business licenses and registrations issued	Quantity	43,723 Licenses 17,884 Registrations	45,034 Licenses 20,175 Registrations	2022, 2024
License Exams administered and personal licenses issued	Quantity	7706 Exams 4263 Licenses	9282 Exams 5571 Licenses	2022, 2024
Permits issued (all trades)	Quantity	136,918	134,927	2022, 2024
Boiler and pressure vessel inspections	Quantity	8,154	8,443	2022, 2024
Elevator inspections	Quantity	12,095	13,821	2022, 2024
Plumbing inspections	Quantity	5,493	5,202	2022, 2024
Building inspections	Quantity	4,317	4,409	2022, 2024
High-pressure piping inspections	Quantity	989	1,171	2022, 2024
Electrical inspections	Quantity	181,383	197,458	2022, 2024
Number of completed virtual electrical inspections	Quantity	NA	4,518	NA, 2024
Contractor Recovery Fund count and value of approved claims	Result	65 claims valued at \$1.69 million	99 claims valued at \$2.82 million	2022, 2023

*Source: CCLD's data management system (iMS)*

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Minnesota Statutes, chapter 326B, provides the legal authority for all programs within the Construction Codes and Licensing Division.

# Construction Codes and Licensing

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

## Expenditures by Fund

1000 - General				225				
2000 - Restrict Misc Special Revenue	1,981	2,559	4,229	5,213	3,184	3,195	3,184	3,195
2020 - Construction Code	33,772	36,624	40,636	42,341	43,950	40,125	45,968	42,271
<b>Total</b>	<b>35,753</b>	<b>39,183</b>	<b>44,865</b>	<b>47,779</b>	<b>47,134</b>	<b>43,320</b>	<b>49,152</b>	<b>45,466</b>
Biennial Change				17,708		(2,190)		1,974
Biennial % Change				24		(2)		2
Governor's Change from Base								4,164
Governor's % Change from Base								5

## Expenditures by Activity

Construction Codes and Licensing	35,753	39,183	44,865	47,779	47,134	43,320	49,152	45,466
<b>Total</b>	<b>35,753</b>	<b>39,183</b>	<b>44,865</b>	<b>47,779</b>	<b>47,134</b>	<b>43,320</b>	<b>49,152</b>	<b>45,466</b>

## Expenditures by Category

Compensation	17,030	18,495	21,304	30,349	34,052	29,018	35,700	30,699
Operating Expenses	16,827	18,024	19,074	11,892	9,445	10,665	9,815	11,130
Grants, Aids and Subsidies	1,893	2,637	4,452	5,500	3,600	3,600	3,600	3,600
Capital Outlay-Real Property	0							
Other Financial Transaction	3	26	35	38	37	37	37	37
<b>Total</b>	<b>35,753</b>	<b>39,183</b>	<b>44,865</b>	<b>47,779</b>	<b>47,134</b>	<b>43,320</b>	<b>49,152</b>	<b>45,466</b>

Total Agency Expenditures	35,753	39,183	44,865	47,779	47,134	43,320	49,152	45,466
Internal Billing Expenditures	3,594	4,081	5,146	4,264	3,402	4,638	3,402	4,638
<b>Expenditures Less Internal Billing</b>	<b>32,159</b>	<b>35,101</b>	<b>39,719</b>	<b>43,515</b>	<b>43,732</b>	<b>38,682</b>	<b>45,750</b>	<b>40,828</b>

## Full-Time Equivalent

	144.09	154.68	162.74	223.70	245.43	207.42	257.43	219.42
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# Construction Codes and Licensing

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Direct Appropriation				225	0	0	0	0
<b>Expenditures</b>				<b>225</b>				
Biennial Change in Expenditures				225		(225)		(225)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

## 2000 - Restrict Misc Special Revenue

Balance Forward In	9,273	9,564	9,425	7,975	5,212	4,628	5,212	4,628
Receipts	2,272	2,416	2,780	2,450	2,600	2,400	2,600	2,400
Balance Forward Out	9,564	9,422	7,976	5,212	4,628	3,833	4,628	3,833
<b>Expenditures</b>	<b>1,981</b>	<b>2,559</b>	<b>4,229</b>	<b>5,213</b>	<b>3,184</b>	<b>3,195</b>	<b>3,184</b>	<b>3,195</b>
Biennial Change in Expenditures				4,902		(3,063)		(3,063)
Biennial % Change in Expenditures				108		(32)		(32)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.18	0.73	0.85	1.70	1.43	1.42	1.43	1.42

## 2020 - Construction Code

Balance Forward In	22,867	22,488	21,761	18,275	12,109	4,242	12,109	14,797
Receipts	33,316	35,745	37,151	36,175	36,083	35,883	48,656	48,564
Transfers Out	75							
Balance Forward Out	22,336	21,609	18,275	12,109	4,242		14,797	21,090
<b>Expenditures</b>	<b>33,772</b>	<b>36,624</b>	<b>40,636</b>	<b>42,341</b>	<b>43,950</b>	<b>40,125</b>	<b>45,968</b>	<b>42,271</b>
Biennial Change in Expenditures				12,581		1,098		5,262
Biennial % Change in Expenditures				18		1		6
Governor's Change from Base								4,164
Governor's % Change from Base								5
Full-Time Equivalents	141.91	153.95	161.89	222.00	244.00	206.00	256.00	218.00

**Program: General Support**<https://dli.mn.gov/about-department/about-dli>**AT A GLANCE**

In fiscal year 2024, the General Support Division:

- Supported approximately 566 agency employees located statewide.
- Administered a \$141 million annual budget.
- Represented agency programs and/or authoritative boards in more than 300 administrative litigation appearances and eight rulemakings.
- Reached more than 5.9 million individuals through agency electronic publications and more than 9 million website views.
- Responded to 61 requests for statistical data, 70% of which were completed within a week.

**PURPOSE AND CONTEXT**

The General Support Division provides leadership and support to agency programs so they can successfully meet their statutory obligations and One Minnesota Plan goals. Primary General Support Division objectives include:

- Managing and training program staff on statewide and agency-specific operating policies and procedures to ensure efficient operations that are compliant with all policies.
- Managing agency resources in a transparent and responsible manner
- Supporting staff training and education to foster a positive and healthy working environment.
- Managing and analyzing data to improve program operations and service delivery.
- Managing technology used by programs and identifying modernization opportunities to improve customer experience.

**SERVICES PROVIDED**

The General Support Division strives to provide efficient and effective services to agency programs. These infrastructure services provide agency support that enables programs to focus on their core responsibilities and achieve agency goals. This is accomplished by each unit as follows.

- **Commissioner's Office:** Provides strategic One Minnesota Plan direction and servant leadership to the agency. Additional duties include legislative and stakeholder engagement support and executive order adoption and reporting.
- **Financial Services:** Protects and ensures accountability of the financial resources entrusted to the department. Maximizes the use of the equity procurement program to diversify government spending.
- **Communications:** Provides stakeholder outreach and education through social media, website management, videos, and publications to promote the work and services of the department.
- **Human Resources:** Supports staff recruiting, hiring, education and development, promotes a healthy, productive, and respectful work environment, and ensures all work is done in an equitable and inclusive manner to support the diversity and equity goals of the state of Minnesota as an employer.
- **Office of General Counsel:** Renders legal advice to the department, provides legislative and rulemaking support and advocates for the agency in enforcement and other administrative proceedings.
- **Research and Data Analytics:** Drives data-based decision-making through comprehensive data governance and data management practices, and ensures divisions are collecting data needed for comprehensive analysis of programmatic outcomes.
- **Projects and Planning:** Provides organization development and continual improvement support services, monitors agency compliance through an internal controls and risk assessment program.

- Facilities Management: Ensures the safe and sustainable operations of DLI facilities and fleet vehicles, manages shared technology, and supplies, maintains and communicates the business continuity and emergency response plans for the agency.
- Enterprise Business Technology Office and MNIT Services @ Labor and Industry: Manages information technology services through shared technology strategic planning, modernization initiatives, resource planning and a service-level agreement with MNIT for enterprise IT services.

## RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Progress toward 30% energy reduction goal	Result	Facility gas and electricity usage	DLI has maintained energy reduction trend since 2020	130% of goal or 39% overall energy reduction (CY2023)
Progress toward 15% water reduction goal	Result	Facility water usage monitoring	DLI has maintained water reduction trend since 2019	311% of goal or 47% overall water reduction (CY2023)
Percentage of total revenue deposited electronically	Result	EPM Data Warehouse (SWIFT)	DLI has intentionally pursued online deposits, increasing over time.	55% (FY2024)
Progress toward 75% solid waste diversion rate	Result	Facility trash, recycling, and organic monitoring	DLI hit 76% diversion rate in 2020; DLI has since drastically reduced overall waste tonnage, primarily paper recycling, driving down diversion percent	65% of goal or 48% diversion rate (CY2023)
Number of and dollars spent with targeted vendors	Quantity	Expenditures made with Department of Administration certified vendors	Increasing	\$374,305 (FY2024)
Count of tribal consultations	Quantity	Data tracked by Public Engagement and Tribal Relations	Increasing	Eight of 11 tribes engaged (FY2024)
Two-year retention of new hires	Result	Data tracked by Human Resources	Improving	76% (FY2021 hires retained to FY2023)
Coordinated agency communication	Quantity	GovDelivery data tracked by Communications	Increasing	393 messages reached 5.9 million recipients (FY2024)
Percentage of electronic systems modernized	Quantity	Data tracked by Enterprise Business Technology Office	Modernization of 15 major systems started in 2015	66%

Minnesota Statutes, chapters 176, 16A, 43A and 341, provide authority for this program's activities.

# General Support

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b><u>Expenditures by Fund</u></b>								
1000 - General	1,078	1,676						
2000 - Restrict Misc Special Revenue	5,837	7,311	4,792	7,605	7,966	8,037	7,966	8,037
2830 - Workers Compensation	6,029	6,015	8,804	9,232	9,232	9,232	9,232	9,232
3000 - Federal	293	143	128	140	141	141	141	141
<b>Total</b>	<b>13,237</b>	<b>15,144</b>	<b>13,724</b>	<b>16,977</b>	<b>17,339</b>	<b>17,410</b>	<b>17,339</b>	<b>17,410</b>
Biennial Change				2,320		4,048		4,048
Biennial % Change				8		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
<b><u>Expenditures by Activity</u></b>								
General Support Division	13,237	15,144	13,724	16,977	17,339	17,410	17,339	17,410
<b>Total</b>	<b>13,237</b>	<b>15,144</b>	<b>13,724</b>	<b>16,977</b>	<b>17,339</b>	<b>17,410</b>	<b>17,339</b>	<b>17,410</b>
<b><u>Expenditures by Category</u></b>								
Compensation	7,022	7,613	8,967	10,313	10,846	10,910	10,846	10,910
Operating Expenses	6,209	7,342	4,674	6,664	6,493	6,500	6,493	6,500
Other Financial Transaction	5	188	84					
<b>Total</b>	<b>13,237</b>	<b>15,144</b>	<b>13,724</b>	<b>16,977</b>	<b>17,339</b>	<b>17,410</b>	<b>17,339</b>	<b>17,410</b>
Total Agency Expenditures	13,237	15,144	13,724	16,977	17,339	17,410	17,339	17,410
Internal Billing Expenditures	23	33	25	17	13	19	13	19
<b>Expenditures Less Internal Billing</b>	<b>13,214</b>	<b>15,111</b>	<b>13,700</b>	<b>16,960</b>	<b>17,326</b>	<b>17,391</b>	<b>17,326</b>	<b>17,391</b>
<b><u>Full-Time Equivalent</u></b>	<b>58.76</b>	<b>66.80</b>	<b>70.11</b>	<b>79.50</b>	<b>82.00</b>	<b>81.50</b>	<b>82.00</b>	<b>81.50</b>

# General Support

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In	953	776						
Direct Appropriation	900	900						
Balance Forward Out	776							
<b>Expenditures</b>	<b>1,078</b>	<b>1,676</b>						
Biennial Change in Expenditures				(2,753)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.30	0.02					

## 2000 - Restrict Misc Special Revenue

Balance Forward In	2,359	2,191	1,497	4,986	3,096	703	3,096	703
Receipts	5,669	6,613	8,282	5,715	5,573	7,589	5,573	7,589
Internal Billing Receipts	5,669	6,455	8,097	5,437	5,095	7,188	5,095	7,188
Balance Forward Out	2,191	1,492	4,986	3,096	703	255	703	255
<b>Expenditures</b>	<b>5,837</b>	<b>7,311</b>	<b>4,792</b>	<b>7,605</b>	<b>7,966</b>	<b>8,037</b>	<b>7,966</b>	<b>8,037</b>
Biennial Change in Expenditures				(751)		3,606		3,606
Biennial % Change in Expenditures				(6)		29		29
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.19	9.96	17.58	42.25	44.50	45.10	44.50	45.10

## 2830 - Workers Compensation

Direct Appropriation	6,039	6,039	8,765	9,106	9,106	9,106	9,106	9,106
Open Appropriation	111	110	113	200	200	200	200	200
Transfers Out	121	134	74	74	74	74	74	74
<b>Expenditures</b>	<b>6,029</b>	<b>6,015</b>	<b>8,804</b>	<b>9,232</b>	<b>9,232</b>	<b>9,232</b>	<b>9,232</b>	<b>9,232</b>
Biennial Change in Expenditures				5,993		428		428
Biennial % Change in Expenditures				50		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	51.06	54.99	51.36	36.00	36.25	35.25	36.25	35.25



**General Support**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>3000 - Federal</b>								
Balance Forward In	6	6	6					
Receipts	293	143	121	140	141	141	141	141
Balance Forward Out	6	6						
<b>Expenditures</b>	<b>293</b>	<b>143</b>	<b>128</b>	<b>140</b>	<b>141</b>	<b>141</b>	<b>141</b>	<b>141</b>
Biennial Change in Expenditures				(168)		14		14
Biennial % Change in Expenditures				(39)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalent	1.51	1.55	1.15	1.25	1.25	1.15	1.25	1.15

**Program: Labor Standards**<https://www.dli.mn.gov/laborlaw>**AT A GLANCE**

In calendar years 2022 and 2023, Labor Standards:

- Recovered approximately \$1.35 million for workers through the wage claim process.
- Recovered approximately \$1.89 million for workers through the investigative process.
- Recovered \$376,500 in child labor and other penalties.
- Directly engaged with 13,000 stakeholders at events, live trainings, presentations, and webinars (2023).
- Distributed 26,000 brochures on workplace rights for new parents and pregnant people (2023).
- Sent 215,000 letters and emails to Minnesota employers about earned sick and safe time (May 2024).
- Reached over 42,000 subscribers with monthly Wage and Hour Bulletins with law-related updates (2023).

**PURPOSE AND CONTEXT**

The Labor Standards Division improves Minnesota’s workplaces by ensuring workers are paid correctly and workplace rights and responsibilities are understood and enforced. The Division conducts worker and employer education and engagement activities, answers stakeholder questions, handles wage claims, and pursues investigations to ensure compliance with Minnesota’s labor and employment laws, including, but not limited to, minimum wage, overtime, earned sick and safe time, prevailing wage, pregnancy and parental leave, lactating employee protections and pregnancy accommodations, child labor, misclassification, certain retaliation provisions, and laws that apply to specific industries such as construction, agriculture, and food processing.

**SERVICES PROVIDED**

Labor Standards:

- Investigates violations of labor and employment laws, including, but not limited to, the Minnesota Fair Labor Standards Act, the Minnesota Payment of Wages Act, the Minnesota Prevailing Wage Act, the Women’s Economic Security Act, the Minnesota Child Labor Standards Act, the state’s earned sick and safe time law, and misclassification to recover back wages, damages, penalties, and other relief.
- Engages with and educates workers, employers, and other stakeholders on the laws it enforces to help prevent violations from occurring.
- Answers questions from stakeholders regarding the labor and employment laws under its jurisdiction.
- Conducts an “inform and educate” process with employers in which it educates employers regarding their labor and employment law-related responsibilities and provides employers with the opportunity to come into compliance with the law.
- Conciliates and resolves wage theft complaints through its wage claim process to ensure employees are paid correctly for their work and employers are competing fairly in the marketplace.
- Performs on-site investigations to observe and address ongoing violations, interview workers and employers and gather relevant documentation.
- Awards and oversees grants provided to community-based organizations. to help increase worker knowledge and understanding of Minnesota’s earned sick and safe time law and Women’s Economic Security Act.
- Writes reports related to its work as directed by statute.
- Conducts an annual prevailing-wage survey to identify and certify wage rates for workers on publicly funded construction and public works projects.

## RESULTS

Measure name	Measure type	Previous	Current	Year
Number of phone, email, and walk-in inquiries	Quantity	20,876	27,531	2022, 2023
Number of individual wage claims handled	Quantity	866	966	2022, 2023
Number of “inform and educates” handled	Quantity	248	345	2022, 2023
Number of Wage and Hour Bulletins distributed to subscribers	Quantity	335,258	532,257	2022, 2023

*Source: Labor Standards Division data management systems (LS desktop and OnBase).*

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Minnesota Statutes, Chapters 177, 179, 181, 181A, and 326B provide authority for this program’s activities. Minnesota Statutes §§ 177.21-.35 (Minnesota Fair Labor Standards Act), 177.41-.44 (Prevailing Wage Act), 179.86 – .877 (Packinghouse Workers Bill of Rights), 181.01-.217 (Payment of Wages Act), 181.939-.944 (Nursing Mothers and Parenting Leave and Accommodations), 181.9445 – .9448 (Earned Sick and Safe Time law), 181A (Child Labor Standards Act), 326B (Construction Misclassification), and other provisions listed under 177.27, subd. 4.

## Labor Standards

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	4,025	3,435	5,322	8,301	6,521	6,587	6,946	7,165
2390 - Workforce Development	137	165	932	2,327	1,696	1,696	1,696	1,696
3000 - Federal	728	605						
3015 - ARP-State Fiscal Recovery			125					
4925 - Family and Medical Benefit Ins			169	690	366		366	
<b>Total</b>	<b>4,890</b>	<b>4,205</b>	<b>6,547</b>	<b>11,318</b>	<b>8,583</b>	<b>8,283</b>	<b>9,008</b>	<b>8,861</b>
Biennial Change				8,770		(999)		4
Biennial % Change				96		(6)		0
Governor's Change from Base								1,003
Governor's % Change from Base								6

### **Expenditures by Activity**

Labor Standards	4,890	4,205	6,547	11,318	8,583	8,283	9,008	8,861
<b>Total</b>	<b>4,890</b>	<b>4,205</b>	<b>6,547</b>	<b>11,318</b>	<b>8,583</b>	<b>8,283</b>	<b>9,008</b>	<b>8,861</b>

### **Expenditures by Category**

Compensation	2,533	2,772	4,044	7,516	6,926	6,307	7,326	6,860
Operating Expenses	919	1,301	2,159	3,334	1,507	1,876	1,532	1,901
Grants, Aids and Subsidies	1,438	132	345	468	150	100	150	100
Other Financial Transaction	0		0					
<b>Total</b>	<b>4,890</b>	<b>4,205</b>	<b>6,547</b>	<b>11,318</b>	<b>8,583</b>	<b>8,283</b>	<b>9,008</b>	<b>8,861</b>

Total Agency Expenditures	4,890	4,205	6,547	11,318	8,583	8,283	9,008	8,861
Internal Billing Expenditures	536	613	978	1,097	692	1,008	692	1,008
<b>Expenditures Less Internal Billing</b>	<b>4,355</b>	<b>3,592</b>	<b>5,569</b>	<b>10,221</b>	<b>7,891</b>	<b>7,275</b>	<b>8,316</b>	<b>7,853</b>

### **Full-Time Equivalent**

	24.56	26.00	34.91	60.71	57.20	50.74	59.70	53.24
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## Labor Standards

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In		456		708				
Direct Appropriation	4,479	3,479	6,041	7,593	6,521	6,587	6,946	7,165
Transfers Out		500						
Cancellations		0	11					
Balance Forward Out	454		708					
<b>Expenditures</b>	<b>4,025</b>	<b>3,435</b>	<b>5,322</b>	<b>8,301</b>	<b>6,521</b>	<b>6,587</b>	<b>6,946</b>	<b>7,165</b>
Biennial Change in Expenditures				6,162		(515)		488
Biennial % Change in Expenditures				83		(4)		4
Governor's Change from Base								1,003
Governor's % Change from Base								8
Full-Time Equivalents	21.54	23.81	28.75	47.97	43.62	40.19	46.12	42.69

### 2390 - Workforce Development

Balance Forward In		14		631				
Direct Appropriation	151	151	1,563	1,696	1,696	1,696	1,696	1,696
Balance Forward Out	14		631					
<b>Expenditures</b>	<b>137</b>	<b>165</b>	<b>932</b>	<b>2,327</b>	<b>1,696</b>	<b>1,696</b>	<b>1,696</b>	<b>1,696</b>
Biennial Change in Expenditures				2,957		133		133
Biennial % Change in Expenditures				979		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.89	1.12	5.61	9.63	11.42	10.55	11.42	10.55

### 3000 - Federal

Receipts	728	605						
<b>Expenditures</b>	<b>728</b>	<b>605</b>						
Biennial Change in Expenditures				(1,333)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.13	1.07	0.01					

### 3015 - ARP-State Fiscal Recovery

# Labor Standards

# Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Direct Appropriation			125					
<b>Expenditures</b>			<b>125</b>					
Biennial Change in Expenditures				125		(125)		(125)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

## 4925 - Family and Medical Benefit Ins

Balance Forward In				432				
Direct Appropriation			601	374	366	0	366	0
Transfers Out				116				
Balance Forward Out			432					
<b>Expenditures</b>			<b>169</b>	<b>690</b>	<b>366</b>		<b>366</b>	
Biennial Change in Expenditures				859		(493)		(493)
Biennial % Change in Expenditures						(57)		(57)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.54	3.11	2.16		2.16	

## 6000 - Miscellaneous Agency

Balance Forward In	124	136	142	142	142	142	142	142
Receipts	5	6	0					
Balance Forward Out	129	142	142	142	142	142	142	142

**Program: Office of Combative Sports**<https://dli.mn.gov/ocs>**AT A GLANCE**

In fiscal year 2024, the Office of Combative Sports:

- Regulated 14 events.
- Issued 681 licenses.
- Added regulation of kickboxing and Muay Thai.
- Trained 57 individuals to be mixed martial arts referees and judges, and Muay Thai referees and judges.

**PURPOSE AND CONTEXT**

The Office of Combative Sports (OCS) ensures Minnesota's combative sporting events are safe, fair, and conducted in a manner that minimizes injuries and protects the short and long-term health of combatants. Combative sporting events directly regulated by OCS include professional boxing, professional and amateur mixed martial arts, professional and amateur tough person, professional and amateur kickboxing, and professional and amateur Muay Thai. OCS approves regulatory bodies to oversee martial arts and amateur boxing contests and ensures all youth combative sports events are overseen by a widely recognized organization or local government.

**SERVICES PROVIDED**

The Office of Combative Sports licenses combative sports promotions, combatants, officials, and coaches for events that take place within Minnesota. Licenses are required for referees, judges, timekeepers, ringside physicians, promoters, combatants, trainers, and seconds. OCS employs a staff of 21 inspectors who are responsible for ensuring fighters and their coaches are adhering to the rules and statutes that govern their sports outside of the competition area, ensuring the health and safety of fighters at events.

OCS staff members:

- Review licensing applications to ensure the health and fitness of combatants.
- Review proposed matchups to ensure fair competition.
- Ensure promoters meet financial and safety obligations.
- Ensure adult combative sport events not directly regulated by OCS, such as amateur boxing, are overseen by an OCS-approved sanctioning organization.
- Ensure all youth combative sport events, such as youth karate or Jiu Jitsu, are overseen by a widely recognized organization or local government.
- Train and assign inspectors and officials.
- Collect licensing and event fees.
- Attend regulated combative sporting events to ensure event procedures are followed and compliance with all rules and regulations.
- Ensure compliance with all federal laws.
- Process and hear grievances.
- Work with other state, national and international regulatory bodies to ensure uniformity.
- Investigate any illegal activities.

## RESULTS

<b>Measure name</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Historical trend</b>	<b>Most recent data</b>
Combatant licenses issued	Quantity	236	276	2023, 2024
Trainer/second licenses issued	Quantity	223	335	2023, 2024
Number of combative sports events	Quantity	16	14	2023, 2024
Officials' licenses issued <i>(may be more than one license per individual)</i>	Quantity	55	61	2023, 2024
Number of regulatory bodies approved to oversee martial arts and amateur boxing contests	Quantity	NA	8	NA, 2024

*Source: Office of Combative Sports data management system (iMS)*

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Minnesota Statutes, chapter 341, provides authority for this program's activities.



(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

**Expenditures by Fund**

1000 - General			243	254	254	254	254	254
2000 - Restrict Misc Special Revenue	75	108	36	65	34	51	34	51
<b>Total</b>	<b>75</b>	<b>108</b>	<b>279</b>	<b>319</b>	<b>288</b>	<b>305</b>	<b>288</b>	<b>305</b>
Biennial Change				414		(5)		(5)
Biennial % Change				225		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

**Expenditures by Activity**

Office of Combative Sports	75	108	279	319	288	305	288	305
<b>Total</b>	<b>75</b>	<b>108</b>	<b>279</b>	<b>319</b>	<b>288</b>	<b>305</b>	<b>288</b>	<b>305</b>

**Expenditures by Category**

Compensation	43	68	187	207	211	215	211	215
Operating Expenses	32	40	91	82	77	90	77	90
Other Financial Transaction	0		1	30				
<b>Total</b>	<b>75</b>	<b>108</b>	<b>279</b>	<b>319</b>	<b>288</b>	<b>305</b>	<b>288</b>	<b>305</b>

Total Agency Expenditures	75	108	279	319	288	305	288	305
Internal Billing Expenditures	9	15	45	29	21	34	21	34
<b>Expenditures Less Internal Billing</b>	<b>66</b>	<b>93</b>	<b>234</b>	<b>290</b>	<b>267</b>	<b>271</b>	<b>267</b>	<b>271</b>

**Full-Time Equivalent**

	0.68	1.04	1.98	2.10	2.10	2.10	2.10	2.10
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(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Direct Appropriation			243	254	254	254	254	254
<b>Expenditures</b>			<b>243</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>254</b>
Biennial Change in Expenditures				497		11		11
Biennial % Change in Expenditures						2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.42	1.50	1.50	1.50	1.50	1.50

**2000 - Restrict Misc Special Revenue**

Balance Forward In	68	77	63	84	99	145	99	145
Receipts	85	92	57	80	80	80	80	80
Balance Forward Out	77	61	84	99	145	174	145	174
<b>Expenditures</b>	<b>75</b>	<b>108</b>	<b>36</b>	<b>65</b>	<b>34</b>	<b>51</b>	<b>34</b>	<b>51</b>
Biennial Change in Expenditures				(83)		(16)		(16)
Biennial % Change in Expenditures				(45)		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.68	1.04	0.56	0.60	0.60	0.60	0.60	0.60

**Program: Workplace Safety**<http://dli.mn.gov/business/safety-and-health-work>**AT A GLANCE**

In federal fiscal year 2023, the MNOSHA work units:

- Conducted more than 1,200 compliance inspections.
- Assisted employers through 1,016 consultation visits and 300 consultation interventions.
- Responded to 1,769 employee complaints.
- Investigated 24 workplace fatalities.
- Provided safety grants for 124 employer safety improvement projects.
- Presented safety and health outreach to more than 21,000 compliance participants.
- Worked with 84 partnership employers (MNSTAR Program/MNSHARP) and 7 alliances with organizations committed to workplace safety and health.
- Oversaw the safety and health of 2.8 million workers at 201,000 Minnesota worksites.

**PURPOSE AND CONTEXT**

The goal of the Minnesota Occupational Safety and Health Administration (MNOSHA) is that every employee returns home safe and healthy at the end of each working day. MNOSHA believes workplaces must share a commitment to workplace safety by employers, employees, and their authorized representatives. MNOSHA focuses on regulation through its Compliance unit and on assistance through its Workplace Safety Consultation unit, helping industries with the highest injury and illness rates. MNOSHA is a state plan, one of 29 states and territories authorized by Congress to administer an occupational safety and health program performing at or above the standards of the federal OSHA program.

**SERVICES PROVIDED**

MNOSHA keeps Minnesota employees and workplaces safe by:

- Conducting planned compliance inspections focused on high-hazard industries.
- Investigating workplace fatalities, serious injuries, and catastrophic events.
- Responding to complaints by employees about unsafe conditions at their workplace.
- Reviewing employee's protected rights after alleged improper termination or other adverse action.
- Providing training and outreach to employee, employer and citizen groups about safety and health topics.
- Making consultation visits to employers that request assistance to make their workplaces safer.
- Working cooperatively with employers through voluntary prevention programs and partnerships.
- Issuing safety grants to help employers boost their safety and health programs.

## RESULTS

### Fatal occupational injuries per 100,000 full-time-equivalent workers, calendar-year 2022

State	2018	2019	2020	2021	2022
Minnesota	2.7	2.6	2.4	2.8	2.8
Wisconsin	3.8	3.8	4.1	3.4	4.3
Iowa	4.9	4.7	4.0	3.3	3.6
South Dakota	6.9	4.7	7.8	4.7	5.6
North Dakota	9.6	9.7	7.4	9.0	9.8

*Source: Census of Fatal Occupational Injuries (CFOI), Bureau of Labor Statistics. CFOI accounts for all fatalities resulting from a work injury. Minnesota has a lower percentage of employees dying from work-related injuries than neighboring states, demonstrating the success of the MNOSHA program.*



*Source: Survey of Occupational Injuries and Illnesses (SOII), Bureau of Labor and Statistics (BLS). SOII surveys a sample of employers to gather OSHA log data and estimates the number of work-related injuries and illnesses and the rate at which they occur.*

Measure name	Measure type	Previous	Current	Year
Percentage of timely responses to imminent danger and fatality inspections within one workday	Quality	Imminent danger complaint inspections, 97.22% (136 of 140); national OSHA data, 95.04% Response to fatalities: 100% (24 of 24); national OSHA data, 97.29%	Imminent danger complaint inspections, 100% (46 of 46) Response to fatalities: 100% (19 of 19)	FFY2023, FFY2024 (Q1-Q3)
Lapse time for safety and health inspections within the acceptable review level (ARL) of national OSHA data	Result measured in workdays	MNOSHA: Safety, 41.01 (National FRL, 44.1 to 66.28); Health, 64.97 (National FRL, 55.78 to 83.66)	MNOSHA (Q1-3): Safety, 38.06 (National FRL, 43.65 to 65.45); health, 51.72 (National FRL, 59.31 to 79.30)	FFY2023, FFY2024 (Q1-Q3)
Percent in compliance for safety and health inspections	Results	MNOSHA: Safety, 34.40% (National FRL, 25.38% to 38.08%); Health, 42.75% (National FRL, 35.06% to 52.58%)	MNOSHA: Safety, 35.23% (National FRL, 26.64% to 39.96%); Health, 35.51% (National FRL, 32.8% to 49.2%)	FFY2023, FFY2024 (Q1-Q3)
Average number of workdays to initiate complaint inspections	Results	4.06 (FRL, 9)	3.55 (FRL, 9)	FFY2023, FFY2024 (Q1-Q3)
Percent of initial consultation visits completed in high-hazard industries – requirement of not less than 90%	Results	98.65%	99.10%	FFY2023, FFY2024 (Q1-Q3)
Percent of initial visits to small businesses (fewer than 250 employees) – requirement of not less than 90%	Results	96.99%	96.20%	FFY2023, FFY2024 (Q1-Q3)

**Source: MNOSHA State Activity Mandated Measures Report and Mandated Activity Report for Consultation.**

Minnesota Statutes 182 provides the legal authority for this program’s activities. As a state plan, Minnesota OSHA Compliance enforces: 29 CFR 1904, 1910, 1915, 1917, 1918, 1926 and 1928; and Minnesota Rules 5205 through 5208, 5210 and 5215. MNOSHA Workplace Safety Consultation regulations are: 29 CFR 1908; 29 CFR 1910.266; Minn. Stat. 79.253, 90.145 and 176.130; and Minn. Rules 5203.

# Workplace Safety

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General			177	1,823				
2830 - Workers Compensation	8,681	8,413	8,614	11,498	11,457	11,228	11,457	11,228
3000 - Federal	5,417	5,773	6,896	5,666	5,666	5,666	5,666	5,666
<b>Total</b>	<b>14,098</b>	<b>14,186</b>	<b>15,687</b>	<b>18,987</b>	<b>17,123</b>	<b>16,894</b>	<b>17,123</b>	<b>16,894</b>
Biennial Change				6,390		(657)		(657)
Biennial % Change				23		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

## **Expenditures by Activity**

Workplace Safety	14,098	14,186	15,687	18,987	17,123	16,894	17,123	16,894
<b>Total</b>	<b>14,098</b>	<b>14,186</b>	<b>15,687</b>	<b>18,987</b>	<b>17,123</b>	<b>16,894</b>	<b>17,123</b>	<b>16,894</b>

## **Expenditures by Category**

Compensation	8,805	9,088	10,003	11,217	11,969	12,254	11,969	12,254
Operating Expenses	3,440	3,391	4,009	4,602	3,809	3,315	3,809	3,315
Grants, Aids and Subsidies	1,792	1,491	1,487	3,148	1,325	1,325	1,325	1,325
Capital Outlay-Real Property	0	1						
Other Financial Transaction	61	215	187	20	20		20	
<b>Total</b>	<b>14,098</b>	<b>14,186</b>	<b>15,687</b>	<b>18,987</b>	<b>17,123</b>	<b>16,894</b>	<b>17,123</b>	<b>16,894</b>

Total Agency Expenditures	14,098	14,186	15,687	18,987	17,123	16,894	17,123	16,894
Internal Billing Expenditures	1,166	1,237	1,388	741	655	1,029	655	1,029
<b>Expenditures Less Internal Billing</b>	<b>12,933</b>	<b>12,949</b>	<b>14,298</b>	<b>18,246</b>	<b>16,468</b>	<b>15,865</b>	<b>16,468</b>	<b>15,865</b>

## **Full-Time Equivalent**

	<b>84.68</b>	<b>88.03</b>	<b>88.95</b>	<b>97.00</b>	<b>104.15</b>	<b>104.15</b>	<b>104.15</b>	<b>104.15</b>
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# Workplace Safety

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In				1,823				
Direct Appropriation			2,000					
Balance Forward Out			1,823					
<b>Expenditures</b>			<b>177</b>	<b>1,823</b>				
Biennial Change in Expenditures				2,000		(2,000)		(2,000)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

## 2830 - Workers Compensation

Balance Forward In	6,115	5,459	7,572	8,271	6,772	5,537	6,772	5,537
Direct Appropriation	5,070	5,070	6,644	7,838	8,061	7,627	8,061	7,627
Receipts	2,310	4,770	2,669	2,161	2,161	2,161	2,161	2,161
Balance Forward Out	4,813	6,886	8,271	6,772	5,537	4,097	5,537	4,097
<b>Expenditures</b>	<b>8,681</b>	<b>8,413</b>	<b>8,614</b>	<b>11,498</b>	<b>11,457</b>	<b>11,228</b>	<b>11,457</b>	<b>11,228</b>
Biennial Change in Expenditures				3,018		2,573		2,573
Biennial % Change in Expenditures				18		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	49.18	50.42	48.52	51.90	58.85	61.05	58.85	61.05

## 3000 - Federal

Balance Forward In	24	24	24					
Receipts	5,415	5,773	6,896	5,666	5,666	5,666	5,666	5,666
Balance Forward Out	22	24	24					
<b>Expenditures</b>	<b>5,417</b>	<b>5,773</b>	<b>6,896</b>	<b>5,666</b>	<b>5,666</b>	<b>5,666</b>	<b>5,666</b>	<b>5,666</b>
Biennial Change in Expenditures				1,372		(1,230)		(1,230)
Biennial % Change in Expenditures				12		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	35.50	37.61	40.43	45.10	45.30	43.10	45.30	43.10

**Program: Employment-based Training Initiatives**

<https://www.dli.mn.gov/pipeline> and <https://www.dli.mn.gov/yst>

**AT A GLANCE**

In fiscal year 2024:

Minnesota Dual-Training Pipeline:

- Planned and hosted initial industry stakeholder meetings for 3 new industries including childcare, transportation, and the legal cannabis industry.
- Planned and hosted 14 industry forums and 1 all-industry forum.
- Supported 236 unique employers with tools, technical resources, consulting, and pairing for employer mentorships.
- Developed and approved 12 new occupational competency models.

Youth Skills Training (YST):

- Granted \$1.5 million to 17 YST partnerships throughout the state.
- Provided 24,538 students with opportunities for industry exposure.
- Supported 13,722 students in the completion of an industry-related class for high school credit.
- Supported 1,295 student learners in obtaining industry-recognized credentials.
- Supported 368 student learners in paid work experiences in high-growth, in-demand industries.
- Approved 35 additional employers to host YST student learners with paid work experiences.

**PURPOSE AND CONTEXT**

Employment-based training programs—Minnesota Dual-Training Pipeline and Youth Skills Training—support employers striving for innovative ways to address current and future workforce needs in key industries, such as advanced manufacturing, agriculture, automotive, childcare, health care services, information technology, legal cannabis, and transportation. Programs also works with K-12 educators, higher education, business and trade associations, nonprofits, and community-based organizations to further efforts for workforce development and training. In addition, school districts, students, and families with an interest in the industries identified work with YST to create programs to develop a workforce with the necessary skills for students and apprentices.

**SERVICES PROVIDED**

Minnesota Dual-Training Pipeline (“Pipeline” stands for “Private Investment, Public Education, Labor and Industry Experience”) supports the growth and development of employment-based dual-training programs in advanced manufacturing, agriculture, childcare, health care services, information technology, legal cannabis, and transportation. Dual-training programs combine related instruction, resulting in the completion of a degree, certificate, or industry-recognized credential, with competency-based on-the-job training to benefit Minnesota workers and their employers. Objectives of Minnesota Dual-Training Pipeline include:

- Engaging employers, higher education, labor, representatives of the disabled community, government, nonprofits, and community-based organizations to support employment-based dual-training.
- Enhancing Minnesota’s skilled workforce by bringing together leaders from industry to identify, define, create, and validate occupational competencies for in-demand occupations.
- Helping employers meet their workforce needs.
- Expanding earn-and-learn dual-training and registered apprenticeship across Minnesota.



Youth Skills Training encourages, promotes, and supports the development of local partnerships among schools, employers, and community organizations to benefit students and businesses statewide. These local partnerships provide students with:

- career exploration;
- industry exposure opportunities;
- related classroom instruction;
- safety training;
- industry-recognized credentials; and
- paid work experience in high-growth and in-demand industries.

Training occurs in the industries of advanced manufacturing, agriculture, automotive, health care and information technology. Successful YST programs demonstrate the ability to achieve the above objectives through various means, including outreach, education, training and supportive services for students and employers.

### RESULTS

Measure name	Measure type	Previous	Current	Fiscal Year
Number of occupations with competency-based models	Quantity	82	94	2023, 2024
Number of unique employers assisted through Pipeline programming and activities to support their efforts with dual training	Quantity	204	236	2023, 2024
Employers with grant-funded dual-training programs	Quantity	59	84	2023, 2024
Number of dual trainees awarded funding through the dual-training grant and who were anticipated to receive dual training at the time of award	Quantity	644	728	2023, 2024
Average wage increase following participation in a dual-training program for reported participants	Result	\$3.66	NA	2023, 2024
YST: Number of students participated in industry exposure experiences (tours, speakers, job shadow, career fairs, etc.)	Quantity	37,732	24,538*	2023, 2024
YST: Number of students who have completed an industry-related class for high school credit	Result	13,998	13,722*	2023, 2024
YST: Number of employers approved to provide paid work experience to student learners	Quantity	42	35	2023, 2024
YST: Number of partnerships awarded grant funding	Quantity	17	17	2023, 2024
YST: Percent of students in a paid work experience who graduated when eligible (FY 2022 and 2023)	Result	95% (FY 2022)	96% (FY 2023)	2022, 2023
YST: Percent of students in a paid work experience who earned an industry-recognized credential	Result	100%	100%	2023, 2024

*Sources: Minnesota Dual-Training Pipeline Annual Program Re-cap, Dual Training Grant Program Annual Report, Youth Skills Training Legislative Report*

*\*Quarterly reports for final quarter still in progress; number will increase.*

Minnesota Statutes, chapters 175.45 and 175.46, provide authority for this program’s activities.

# Employment-based Initiatives

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	4,039	5,475	159	169	165	165	165	165
2390 - Workforce Development	1,589	1,611	2,242	2,488	2,371	2,371	2,371	2,371
3015 - ARP-State Fiscal Recovery	100							
<b>Total</b>	<b>5,728</b>	<b>7,086</b>	<b>2,402</b>	<b>2,657</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>
Biennial Change				(7,756)		13		13
Biennial % Change				(61)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

## **Expenditures by Activity**

Employment-based Initiatives	5,728	7,086	2,402	2,657	2,536	2,536	2,536	2,536
<b>Total</b>	<b>5,728</b>	<b>7,086</b>	<b>2,402</b>	<b>2,657</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>

## **Expenditures by Category**

Compensation	466	870	678	923	791	816	791	816
Operating Expenses	4,262	5,217	224	234	245	220	245	220
Grants, Aids and Subsidies	1,000	1,000	1,500	1,500	1,500	1,500	1,500	1,500
<b>Total</b>	<b>5,728</b>	<b>7,086</b>	<b>2,402</b>	<b>2,657</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>	<b>2,536</b>

Total Agency Expenditures	5,728	7,086	2,402	2,657	2,536	2,536	2,536	2,536
Internal Billing Expenditures	99	192	164	131	79	130	79	130
<b>Expenditures Less Internal Billing</b>	<b>5,630</b>	<b>6,894</b>	<b>2,238</b>	<b>2,526</b>	<b>2,457</b>	<b>2,406</b>	<b>2,457</b>	<b>2,406</b>

## **Full-Time Equivalent**

	4.18	10.66	6.06	7.50	6.50	6.50	6.50	6.50
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## Employment-based Initiatives

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In		7,611		4				
Direct Appropriation	11,650		31	33	33	33	33	33
Transfers In			132	132	132	132	132	132
Cancellations		2,136						
Balance Forward Out	7,611		4					
<b>Expenditures</b>	<b>4,039</b>	<b>5,475</b>	<b>159</b>	<b>169</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>
Biennial Change in Expenditures				(9,186)		2		2
Biennial % Change in Expenditures				(97)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.11	5.92	1.12	1.17	1.15	1.07	1.15	1.07

### 2390 - Workforce Development

Balance Forward In		11		117				
Direct Appropriation	1,600	1,600	2,359	2,371	2,371	2,371	2,371	2,371
Balance Forward Out	11		117					
<b>Expenditures</b>	<b>1,589</b>	<b>1,611</b>	<b>2,242</b>	<b>2,488</b>	<b>2,371</b>	<b>2,371</b>	<b>2,371</b>	<b>2,371</b>
Biennial Change in Expenditures				1,530		12		12
Biennial % Change in Expenditures				48		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.07	4.74	4.94	6.33	5.35	5.43	5.35	5.43

### 3015 - ARP-State Fiscal Recovery

Direct Appropriation	100							
<b>Expenditures</b>	<b>100</b>							
Biennial Change in Expenditures				(100)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

**Program: Apprenticeship**<https://www.apprenticeship.mn.gov/>**AT A GLANCE**

In calendar year 2023, Apprenticeship Minnesota:

- Supported 11,546 active apprentices.
- Ensured compliance and provided technical assistance to 233 registered apprenticeship programs.
- Registered 4,229 new apprentices including 923 women, 2,655 people of color, 115 individuals with disabilities and 692 veterans.
- Attended 55 outreach events reaching 10,300 participants.

**PURPOSE AND CONTEXT**

Apprenticeship Minnesota supports Minnesota's economy by promoting, developing, and sustaining registered apprenticeship programs. These employment-based training programs recruit, train and retain a highly skilled and diverse workforce through on-the-job learning and related classroom training, and ensure apprentices are working in healthy and safe work environments under the supervision of journeymen and mentors.

Four goals guide the work of the division:

- Increase the number of registered apprenticeship programs in new industries, including information technology, health care, manufacturing, and education.
- Expand existing registered apprenticeship programs in the trades through the addition of more apprentices, new occupations, and new employers.
- Increase diversity, equity, inclusion, and accessibility within registered apprenticeship.
- Improve the state's overall alignment to the national apprenticeship system and the state's education and workforce systems.

**SERVICES PROVIDED**

Apprenticeship Minnesota services include program development for prospective apprenticeship program sponsors; technical assistance and compliance monitoring for existing apprenticeship programs; outreach and engagement to community-based organizations, workforce development boards and school districts; and grant management for multiple apprenticeship grants. Specific services provided by the division include:

- Engaging with and assisting employers, employer associations and labor unions in developing new registered apprenticeship programs for in-demand jobs across the state.
- Conducting ongoing technical assistance and compliance activities to ensure programs deliver the training, instruction and other requirements outlined in their program registered standards.
- Awarding grants to support registered apprenticeship including Labor Education Advancement Program (LEAP) grants to community-based organizations and apprenticeship training committees to provide recruitment and retention services for women, people of color, individuals with disabilities and veterans.
- Training and presenting to community-based organizations, local workforce boards and school districts to foster greater entrance and successful completion by underrepresented groups, including women, people of color, individuals with disabilities and veterans, in registered apprenticeship programs.
- Connecting jobseekers and apprentices with apprenticeship resources.

## RESULTS

Measure name	Measure type	Previous value	Date	Current value	Date
Number of active apprentices	Quantity	11,120	2022	11,546	2023
Percentage of active apprentices by women/people of color/ veterans	Result	8%/22%/7%	2022	8%/23%/6%	2023
Number of apprenticeship completions	Result	1,741	2022	1,769	2023
Number of registered apprenticeship programs	Quantity	257	2022	233	2023
Percentage of apprentices passing Class A Journeyworker Electrician licensure exam on the first try versus percentage non-apprentices.	Quality	NA	NA	97.2%/75.2%	2023

*Source: Apprenticeship MN data management system (RAPIDS)*

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Minnesota Statutes, Chapter 178, Apprentice Training, provides authority for this program’s activities in accordance with 29 Code of Federal Regulations part 29 and part 30.

# Apprenticeship

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
2390 - Workforce Development	1,605	1,687	2,972	5,765	2,759	2,759	7,759	4,759
3000 - Federal			701	2,029	2,841	1,914	2,841	1,914
<b>Total</b>	<b>1,605</b>	<b>1,687</b>	<b>3,673</b>	<b>7,794</b>	<b>5,600</b>	<b>4,673</b>	<b>10,600</b>	<b>6,673</b>
Biennial Change				8,175		(1,194)		5,806
Biennial % Change				248		(10)		51
Governor's Change from Base								7,000
Governor's % Change from Base								68

## **Expenditures by Activity**

Apprenticeship	1,605	1,687	3,673	7,794	5,600	4,673	10,600	6,673
<b>Total</b>	<b>1,605</b>	<b>1,687</b>	<b>3,673</b>	<b>7,794</b>	<b>5,600</b>	<b>4,673</b>	<b>10,600</b>	<b>6,673</b>

## **Expenditures by Category**

Compensation	911	1,049	1,267	1,849	2,050	1,807	7,050	3,807
Operating Expenses	269	313	844	1,847	2,200	1,741	2,200	1,741
Grants, Aids and Subsidies	425	325	1,557	4,098	1,350	1,125	1,350	1,125
Other Financial Transaction			5					
<b>Total</b>	<b>1,605</b>	<b>1,687</b>	<b>3,673</b>	<b>7,794</b>	<b>5,600</b>	<b>4,673</b>	<b>10,600</b>	<b>6,673</b>

Total Agency Expenditures	1,605	1,687	3,673	7,794	5,600	4,673	10,600	6,673
Internal Billing Expenditures	193	232	306	268	199	289	199	289
<b>Expenditures Less Internal Billing</b>	<b>1,412</b>	<b>1,455</b>	<b>3,367</b>	<b>7,526</b>	<b>5,401</b>	<b>4,384</b>	<b>10,401</b>	<b>6,384</b>

## **Full-Time Equivalent**

	8.55	9.61	11.15	16.00	17.80	15.17	17.80	15.17
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# Apprenticeship

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>2390 - Workforce Development</b>								
Balance Forward In	1	92	1	3,006				
Direct Appropriation	1,696	1,596	5,989	2,759	2,759	2,759	7,759	4,759
Cancellations			13					
Balance Forward Out	92	1	3,006					
<b>Expenditures</b>	<b>1,605</b>	<b>1,687</b>	<b>2,972</b>	<b>5,765</b>	<b>2,759</b>	<b>2,759</b>	<b>7,759</b>	<b>4,759</b>
Biennial Change in Expenditures				5,445		(3,219)		3,781
Biennial % Change in Expenditures				165		(37)		43
Governor's Change from Base								7,000
Governor's % Change from Base								127
Full-Time Equivalents	8.55	9.61	9.04	9.60	11.80	11.17	11.80	11.17

## 3000 - Federal

Receipts			701	2,029	2,841	1,914	2,841	1,914
<b>Expenditures</b>			<b>701</b>	<b>2,029</b>	<b>2,841</b>	<b>1,914</b>	<b>2,841</b>	<b>1,914</b>
Biennial Change in Expenditures				2,730		2,025		2,025
Biennial % Change in Expenditures						74		74
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.11	6.40	6.00	4.00	6.00	4.00

**Program: Nursing Home Workforce Standards Board (NHWSB)**<https://dli.mn.gov/about-department/boards-and-councils/nursing-home-workforce-standards-board>**AT A GLANCE**

In its first year of operation, the Minnesota Nursing Home Workforce Standards Board (NHWSB):

- Conducted 15 full board meetings and 32 work group meetings.
- Investigated working conditions in the nursing home industry through Board discussion, data review, five public hearings and three online questionnaires.
- Proposed rules establishing initial wage standards.
- Began drafting rules for certifying worker organizations to train workers.
- Discussed processes for waivers and variances and other implementation plans.

**PURPOSE AND CONTEXT**

Created during the 2023 legislative session, NHWSB's purpose is to conduct investigations into working conditions in the nursing home industry and adopt rules establishing minimum employment standards reasonably necessary and appropriate to protect the health and welfare of nursing home workers.

Comprised of nine members including three employer representatives, three employee representatives, and the commissioners of labor and industry, health, and human services or their designees, the NHWSB conducts research and public engagement to inform rulemaking on minimum wages for nursing home workers. As required by statute, more than half of nursing home workers should see a wage increase and experience the benefits that come with a higher income once these standards are in effect.

It is estimated approximately 26,000 workers fall under the NHWSB Act, including certified nursing assistants, trained medication aides, licensed practical nurses, laundry/housekeeping staff, dietary aides, cooks, activity aides, plant/maintenance staff, medical records staff, social workers, mental health workers, and other direct care staff who perform more than 44 million hours of work annually for nursing facilities and their residents.

**SERVICES PROVIDED**

The NHWSB:

- Conducts research into nursing home working conditions.
- Proposes rules to set minimum wage standards in nursing homes using the research it has conducted to meet statutory obligations.
- Reviews data to determine current wages for nursing home workers and cost of living in Minnesota.
- Engages with workers, employers, advocates, and the public including through statewide public forums and online.
- Develops and implements a process for waivers and variances from the standards.
- Certifies Works with Department of Human Services to report to the Legislature the cost to the state of Minnesota of minimum standards.



## RESULTS

Measure name	Measure type	Previous	Current	Fiscal Year
Number of individuals engages through public forums and online questionnaires	Quantity	NA	429	NA, 2024
Number of Publicly held Data Workgroup meetings	Quality	NA	8	NA, 2024
Estimated number of workers seeing a wage increase if proposed rules are adopted	Result	NA	13,705 or 52.7% of all nursing home workers	NA, 2026
Estimated number of workers seeing an increase in wages if working on a holiday if proposed rules are adopted	Result	NA	26,006 or 100% of all nursing home workers	NA, 2026

*Sources: Public forums, public meetings, industry data, Minnesota Department of Human Services nursing home employment and wage data, collective bargaining agreements.*

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Minnesota Statutes 181.211-217 (<https://www.revisor.mn.gov/statutes/cite/181.211>) provides the legal authority for NHWSB.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b><u>Expenditures by Fund</u></b>								
1000 - General			235	783	404	357	1,404	357
<b>Total</b>			<b>235</b>	<b>783</b>	<b>404</b>	<b>357</b>	<b>1,404</b>	<b>357</b>
Biennial Change				1,018		(257)		743
Biennial % Change						(25)		73
Governor's Change from Base								1,000
Governor's % Change from Base								131

**Expenditures by Activity**

Nursing Home Workforce Standards Board			235	783	404	357	1,404	357
<b>Total</b>			<b>235</b>	<b>783</b>	<b>404</b>	<b>357</b>	<b>1,404</b>	<b>357</b>

**Expenditures by Category**

Compensation			170	290	298	273	298	273
Operating Expenses			65	493	106	84	156	84
Grants, Aids and Subsidies							950	
<b>Total</b>			<b>235</b>	<b>783</b>	<b>404</b>	<b>357</b>	<b>1,404</b>	<b>357</b>

**Full-Time Equivalent**

			<b>1.30</b>	<b>2.25</b>	<b>2.25</b>	<b>2.00</b>	<b>2.25</b>	<b>2.00</b>
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(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In				426				
Direct Appropriation			661	357	404	357	1,404	357
Balance Forward Out			426					
<b>Expenditures</b>			<b>235</b>	<b>783</b>	<b>404</b>	<b>357</b>	<b>1,404</b>	<b>357</b>
Biennial Change in Expenditures				1,018		(257)		743
Biennial % Change in Expenditures						(25)		73
Governor's Change from Base								1,000
Governor's % Change from Base								131
Full-Time Equivalents			1.30	2.25	2.25	2.00	2.25	2.00

# Minnesota Department of Labor and Industry

# Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
Department of Labor 17.503	Occupational Safety and Health Administration (OSHA) Compliance Grant - Partially funds agency activities that improve workplace safety and health through outreach, consultation, and enforcement.	\$ 5,814	\$ 4,629	\$ 4,629	\$ 4,629	Match 100%	38.0
Department of Labor 17.504	Occupational Safety and Health Administration Consultation agreement grant - Partially funds consultation services, on request, to help employers prevent accidents and diseases through several employer-assistance programs	\$ 1,081	\$ 1,037	\$ 1,037	\$ 1,037	Match 11%	7.1
Department of Labor 17.005	Bureau of Labor Standards, Occupational Safety and Health Statistics (BLS) - Partially funds agency activities that collect, compile, and analyze statistics for the census of fatal occupational injuries and the survey of occupational injuries and illnesses.	\$ 128	\$ 140	\$ 141	\$ 141	Match 100%	1.3
Department of Labor 17.285	Minnesota State Apprenticeship Expansion Formula - State award that builds on the work of previous state apprenticeship grants focused on capacity building, modernization, and expansion activities.	\$ 701	\$ 1,105	\$ 979	\$ -	NO	3.2
Department of Labor 17.285	Minnesota State Apprenticeship Expansion Formula - Competitive - Builds on the work of previous State Apprenticeship Expansion grants, including SAEF, Round 1 (SAEF1), State Apprenticeship Expansion, Equity, and Innovation (SAEEI) and other State Apprenticeship Expansion grants, focused on capacity building, modernization, and expansion activities	\$ -	\$ 924	\$ 1,862	\$ 1,914	NO	3.2
<b>Federal Fund [3000 fund] – Agency Total</b>		<b>\$ 7,724</b>	<b>\$ 7,835</b>	<b>\$ 8,648</b>	<b>\$ 7,721</b>		<b>52.8</b>
Treasury Department 21.027	American Rescue Plan (ARP) - Transportation Network Company Driver Study - Commission and oversee a study to obtain and analyze data and information related to the working conditions of Transportation Network Company (TNC) drivers in Minnesota and how potential changes may impact access and cost for riders.	\$ 125	\$ -	\$ -	\$ -	NO	-
<b>ARPA [3015] Fund – Agency Total</b>		<b>\$ 125</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>-</b>
<b>Federal Fund – Agency Total</b>		<b>\$ 7,849</b>	<b>\$ 7,835</b>	<b>\$ 8,648</b>	<b>\$ 7,721</b>		<b>52.8</b>

## Narrative

- US Dept. of Labor (USDOL) provides an annual grant for **MN OSHA Compliance**. The annual amount awarded from Federal Sources is not expected to change and is currently \$4,629,000. MN Dept. of Labor & Industry (MN DLI) is required to match 100% of the grant amount provided. MN OSHA Compliance responsibilities include reducing workplace injuries, illnesses and fatalities, reducing workplace hazards and exposures through inspections and consultative assistance, improving the effectiveness of investigations and consultation assessments by analyzing collected data and educating employers and employees about their rights and responsibilities and the resources available under OSHA laws.
- USDOL provides an annual grant for **MN OSHA Consultation**. The annual amount awarded from Federal Sources is not expected to change and is currently \$1,047,300. Minnesota is required to match 11% of the grant amount provided. MN OSHA Consultation responsibilities include reducing occupational hazards through on-site consultations and technical assistance, promoting a safety and health culture through consultation assistance, outreach, cooperative programs and strong leadership and strengthen and improve MN OSHA's infrastructure.
- USDOL **Bureau of Labor Statistics (BLS)** provides an annual grant to MN DLI. The annual amount awarded from Federal Sources is expected to increase, currently DLI receives \$140,850. Minnesota is required to match 100% of the grant amount provided. MN BLS is responsible for collecting summary information on occupational injuries and illnesses from private-sector establishments.
- USDOL Employment and Training Administration - **Minnesota Sate Apprenticeship Expansion Formula Grant (MNSAEF)** is a one-time grant that was awarded to the State of Minnesota in the amount of \$1,805,450 in formula funding which expires 06/30/2025 and \$4,700,000 in competitive funding that will expire 06/30/2027. There is no state match required for this grant. MNSAEF funds builds on the work of previous State Apprenticeship Grants, This includes: 1) supporting the development and recruitment of a diverse pipeline of apprentices; 2) supporting the rapid development of new registered apprenticeship programs and the expansion of existing programs; 3) fully integrating apprenticeship into state workforce development education and economic development strategies and programs; and 4) building state capacity to make it easier for industries to start registered apprenticeship programs and for apprentices to access opportunities.
- US Department of Energy - **Inflation Reduction Act (IRA) - Assistance for the Adoption of the Latest and Zero Building Energy Codes** assists eligible entities in further decarbonizing their buildings through the adoption of the latest national model building energy codes and zero energy codes. This is a new grant that MNDLI applied for 09/12/24. We have yet to be awarded any Federal Funds. The projected budget for this award is \$24,934,751 with a project period of 01/01/2026 – 09/30/2034.
- US Department of Energy - **IRA – Assistance for Latest and Zero Building Energy Code Adoption (CODES)** To adopt and implement latest building energy codes, zero energy building codes, or equivalent codes or standards. This is a new grant that MNDLI applied for 10/30/24. We have yet to be awarded any Federal Funds. The projected budget for this award is \$7,974,091 with a project period of 07/01/2025 – 06/30/2034.
- US Treasury Department - **American Rescue Plan (ARP)** provides emergency one-time grants. This funding opportunity was utilized by DLI to conduct a transportation network driver study.