

Governor Walz and Lieutenant Governor Flanagan's 2025 Budget 2025 DLI budget proposals



Construction Codes and Licensing Division fee alignment

The governor recommends adjusting permit, inspection, plan review and certain registration fees for six units within the Department of Labor and Industry's (DLI's) 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. These units are currently operating at a deficit that, if not addressed, will jeopardize the ability of the units to provide timely and effective services. In general, the fee increases proposed are for fees that have not been adjusted since 2007.



Misclassification enforcement funding

The governor recommends \$281,000 in FY26 and \$286,000 in FY27 from the general fund to increase funding for the enforcement of worker misclassification laws. 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, 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 that cannot compete with employers that misclassify their workers. Investing in misclassification enforcement will be a benefit to working families, law-abiding employers and the state.



Statewide registered teacher apprenticeship grant

The governor recommends \$5 million in FY26 and \$2 million in FY27 from the workforce development fund to support establishment of a statewide registered apprenticeship program for teachers. Funds will be used to support the development of a statewide registered teacher apprenticeship program, creating additional pathways into the teaching profession through this earn and learn model, benefiting children throughout the state and their educational achievement.



Operating adjustment

The governor recommends additional funding of \$144,000 in FY26 and \$292,000 each year thereafter from the general fund, as well as \$1.884 million in FY26 and \$2.194 each year thereafter from the workers' compensation fund to help address

inflationary operating cost increases at the Department of Labor and Industry. These measured operating adjustments will enable the agency to maintain its important work for Minnesotans.



Strengthening mandatory break laws

The governor recommends updating Minnesota's work and meal break laws to clarify employees' rights and employers' obligations under these laws. Minnesota is one of few states that does not have a clear standard in statute addressing the amount of break time that must be provided to employees during the workday. This proposal would ensure 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.



Single Egress Stairway Report appropriation extension

The governor recommends a one-year extension to the \$225,000 appropriated during the 2024 legislative session for the Single Egress Stairway study and report. The commissioner of DLI is tasked with evaluating conditions under which apartment buildings of a certain height with a single means of egress achieve life safety outcomes equal or superior to currently adopted codes. The report is due Dec. 31, 2025; to complete the report as required by law, DLI needs funding to be available through FY26.