

Governor's budget recommendations for the Department of Labor and Industry

Commissioner Nicole Blissenbach

Governor's budget for DLI

- Construction codes and licensing fee alignment
- Misclassification enforcement funding
- Statewide teacher registered apprenticeship
- Operating adjustment
- Strengthening mandatory break laws
- Single-egress stairway report funding extension

Construction codes and licensing fee alignment

- The governor recommends aligning permit, inspection, plan review and registration fees for six units in DLI's Construction Codes and Licensing Division (CCLD) with the cost of providing service.
- CCLD services are funded exclusively by revenue generated from fees charged for services provided.
- Currently, fees assessed are inadequate to fund the costs of providing services due to inflationary and cost increases.
- Fees generally have not been increased since 2007.

Construction codes and licensing fee alignment, cont.

Electrical permit fees

- Last adjusted 2007
- Permit application fee – \$25
- On-site inspection fee increase – \$35 to \$55
- Circuit fee increase – \$6 to \$12
- Virtual inspection fee – \$10

Plumbing plan review and permit fees

- Review fees last adjusted in 2007
- Permit fees last adjusted in 2013
- Shift to valuation-based fees
- Only affecting residential construction with five or more dwelling units

Construction codes and licensing fee alignment, cont.

Manufactured structures

- Last adjusted in 2008
- Installation seals increase – \$80 to \$130
- Shipment fee – \$75 per floor
- Resale decal – \$100
- Salesperson license – \$80 for two years
- IIBC and prefabricated plan review and inspections fees moving to valuation-based fees

Boiler inspection fees

- Last adjusted in 2007
- Boiler registration fee increase – \$10 to \$25

Elevator inspections fees

- Last adjusted in 2007
- Annual operating permit increase – \$100 to \$145
- New \$10 virtual inspection fee

Misclassification enforcement funding

- The governor recommends \$281,000 in fiscal-year 2026 and \$286,000 in fiscal-year 2027 from the general fund to the Department of Labor and Industry (DLI) to increase funding for the enforcement of worker misclassification laws.
- This would fund 2.5 full-time-equivalent (FTE) employees in DLI's Labor Standards Division.

Increase in volume of misclassification complaints

Calendar-year 2023	July 1, 2024 through Jan. 31, 2025 <i>After law changes</i>
Misclassification-related intakes	
23 construction-related	20 construction-related
76 all other industries	105 all other industries
99 total	125 total
Outcomes	
12 wage claims (10 construction, two other)	25 wage claims (four construction, 21 other)
Three inform and educate (two construction, one other)	17 inform and educate (two construction, 19 other)
Six investigations (four construction, two other)	Eight investigations (two construction, six other)
78 educate, self-help and/or referrals	77 educate, self-help and/or referrals

Statewide registered teacher apprenticeship

- Five million dollars in fiscal-year 2026 and \$2 million in fiscal-year 2027 from the Workforce Development Fund to support the establishment of a statewide registered apprenticeship program for teachers.
- Funds will be directed to a labor entity representing educators and can be used to:
 - Operationalize and administer the program.
 - Design related instruction.
 - Purchase training materials and apprentice tracking systems technology.
 - Recruit signatory school districts, journeyworker teachers and apprentices.
 - Provide sub-awards for signatory school districts.

Statewide registered teacher apprenticeship, cont.

- The program requires 6,000 hours of on-the-job learning and at least 144 hours of related classroom instruction each year, provided by Professional Educator Licensing and Standards Board (PELSB) approved teacher preparation providers.
- Training results in Tier 3 licensure.
- Three programs are currently registered in Minnesota; a statewide approach promotes consistency and ease of administration.
- Special education licensure is a current occupation registered with DLI; other occupations can and will likely be added.

Apprenticeship Minnesota's role as a state apprenticeship agency

Regulatory

- Develop and register new programs
- Manage and oversee existing programs to ensure adherence to laws and regulations

Education and support

- Provide technical assistance to employers, sponsors and other stakeholders related to program quality and expansion
- Conduct outreach to promote apprenticeship programs broadly
- Grant coordination

Statewide registered teacher apprenticeship

- Three types of entities are eligible to administer registered apprenticeship programs: employers; employer associations; and apprenticeship committees.
- Apprenticeship programs with a unionized workforce and a statewide reach would use an apprenticeship committee model, also known as a Joint Apprenticeship Training Committee (JATC).
- JATCs have equal representation from employers and employees and are responsible for running the apprenticeship program.
- JATC models have more than 80 years of demonstrated success in Minnesota; and Oregon and Washington have successfully implemented this model for teacher apprenticeships.

Operating adjustment

General Fund:

- additional funding of \$144,000 in fiscal-year 2026 and \$292,000 each year thereafter;
- address inflationary cost increases; and
- Minnesota Management and Budget coordinated with DLI to make this recommendation.

Workers' Compensation Fund:

- additional funding of \$1.884 million in fiscal-year 2026 and \$2.194 each year thereafter;
- addresses inflationary cost increases; and
- funds would support the Workers' Compensation Division by –
 - fully funding the existing Workers' Compensation Division FTEs;
 - increasing funding available for the statutorily required medical consultant position; and
 - replenishing IT staffing resources.

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.
- Current rest break language requires adequate time to use the nearest restroom for every four consecutive hours worked.
- This proposal updates rest breaks to be 15 minutes or enough time to use the restroom for every four consecutive hours worked.
- Current meal break language requires sufficient time to eat a meal for every eight consecutive hours worked.
- This proposal updates meal breaks to require a 30-minute meal break for every six hours worked.

Single-egress stairway report funding 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.
- This recommendation is budget neutral.
- The DLI commissioner 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 fiscal-year 2026.

Thank you