



April 10, 2025

Chair McEwen and Members of the Senate Labor Committee:

As Minnesota's labor federation, we represent over 1,000 local unions with over 300,000 members working in the public sector, private sector, and building trades across the state. We are writing to share our support for funding provisions to combat worker misclassification fraud that were not included in the DE amendment that we hope can be incorporated in the future.

As you know, when employers misclassify workers they deny those workers all of the rights and benefits associated with employment. This causes significant harm to workers and law-abiding employers, reduces tax revenue, and strains social safety net programs.

We are grateful for this committee's support for legislation enacted in 2024 that strengthened and streamlined enforcement of misclassification laws, and created the Intergovernmental Misclassification Enforcement Partnership to coordinate enforcement among agencies.

To carry out the duties in the updated statute, the Governor's budget for DLI includes 2.5 FTEs. These resources are needed to conduct outreach, handle an uptick in misclassification complaints, and conduct complex investigations. The cost of these positions is projected to be offset by additional penalty revenue of \$90,000 per year.

We also support funding for an annual report on misclassification that would estimate the prevalence of misclassification by industry and the cost to workers, law-abiding employers, and taxpayers. This will help inform enforcement efforts and provide important metrics to policymakers.

We appreciate the work of this committee and are committed to working to find ways to fund the important work of combating misclassification fraud.

Best regards,

Melissa Hysing
Legislative Director

