

## **Table of Contents**

### **Minnesota Department of Labor and Industry**

Agency Profile.....	1
Expenditures Overview.....	3
Financing by Fund.....	5
Change Item: CCLD Fee Reduction.....	8
Change Item: Labor Standards Technology Modernization.....	10
Change Item: Wage Theft Prevention.....	12
Change Item: PIPELINE Project Continuation.....	14
Change Item: LEAP Grant Funding.....	16
Change Item: Clarifications to the Contractor Recovery Fund.....	18
Change Item: Public Accommodation Code Enforcement.....	20
Change Item: Worker's Compensation IT System Modernization Funding Extension.....	22
Change Item: Operating Adjustment.....	24
Change Item: Wind and Solar Electrical Fee Reduction.....	26
Workers' Compensation.....	27
Expenditures Overview.....	29
Financing by Fund.....	30
Workplace Safety.....	32
Expenditures Overview.....	34
Financing by Fund.....	35
Construction Codes and Licensing.....	36
Expenditures Overview.....	38
Financing by Fund.....	39
General Support.....	40
Expenditures Overview.....	42
Financing by Fund.....	43
Labor Standards and Apprenticeship.....	45
Expenditures Overview.....	47
Financing by Fund.....	48
Federal Funds Summary.....	50
Grants Funding Detail.....	52

## AT A GLANCE

The Department of Labor and Industry:

- administers wage and safety laws affecting Minnesota's 2.9 million employees and 163,000 employers;
- oversees workers' compensation claims and benefit payments for approximately 95,000 injuries annually;
- conducts almost 160,000 construction inspections each year;
- issues 128,000 licenses and registrations annually; and
- monitors more than 10,000 registered apprenticeships.

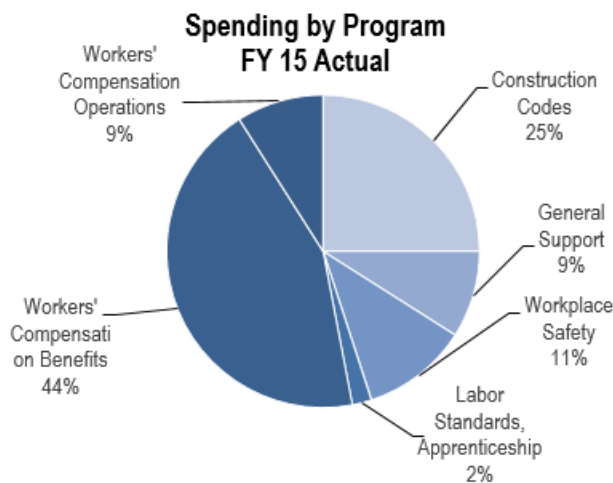
## PURPOSE

The mission of the Department of Labor and Industry (DLI) is to ensure Minnesota's work and living environments are healthy, safe and equitable. Our agency provides and enforces reasonable and uniform standards for Minnesota buildings and construction professionals. We also ensure workers' compensation benefits are provided to injured workers quickly and efficiently, and at a reasonable cost to employers. In addition, we ensure workers receive appropriate wages and work to promote work-based career development through registered apprenticeships. Our agency also monitors combative sporting events in Minnesota so they are operated safely and fairly.

Through these activities, DLI contributes to the following statewide outcomes:

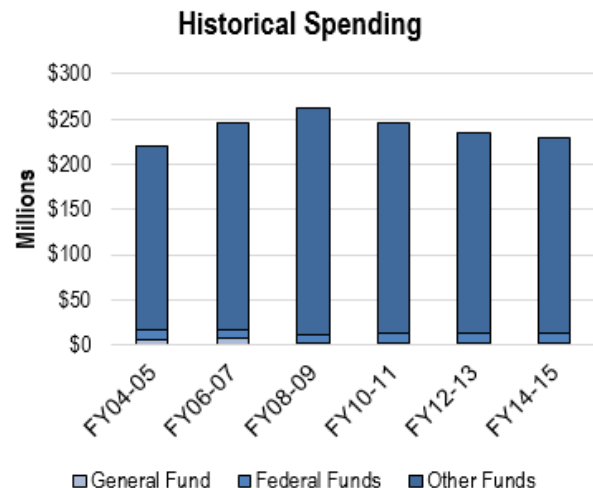
- **people in Minnesota are safe;**
- **families and communities are strong and stable;**
- **a thriving economy encourages business growth and employment opportunities.**

## BUDGET



*DLI spends 44 percent of total agency receipts on providing benefits to injured workers.*

Source: SWIFT



*DLI's revenues mostly comprise special revenues, such as the workers' compensation assessment, construction code inspection and licensure fees, permits and other such revenues.*

Source: Consolidated Fund Statement

**The Workers' Compensation Division** is funded through an appropriation from the workers' compensation fund. The revenues are collected through an insurer premium surcharge and self-insured assessment. 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. The Occupational Safety and Health Administration (OSHA) Compliance activity receives a 50 percent federal funding level. There is a 90 percent federal funding level for the OSHA Workplace Safety Consultation activity. Matching funds are provided through an appropriation from the workers' compensation fund.

**The Construction Codes and Licensing Division** is funded through a special revenue fund, the Construction Code Fund which is part of the State Government Special Revenue Fund, and operates on a fee-for-service basis. Fees are collected from industry stakeholders and deposited in the Construction Code Fund established in the state treasury.

**The Labor Standards unit** is financed by an appropriation from the general fund. 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 unit** is funded by an appropriation from the workforce development fund.

**The General Support Division** is financed by an appropriation from the workers' compensation fund and by indirect cost revenue recovered from the agency's other programs.

## STRATEGIES

To accomplish its mission, DLI uses the following strategies.

- **Dispute resolution:** Provide prompt and fair resolution of workers' compensation disputes.
- **Workplace safety:** Focus OSHA inspection and consultation resources where data indicates the greatest potential for improving workplace safety and health.
- **Education:** Educate employers and workers so they understand their rights and responsibilities under Minnesota labor standards, workers' compensation and OSHA laws.
- **Continuous improvement:** Improve efficiency and customer service by increasing the use of electronic processing of permits, licenses and other filings.
- **Workforce development:** Work with Minnesota employers and others to develop apprenticeship opportunities.

---

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

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	803	1,116	1,300	1,586	1,402	1,402	3,081	1,866
2000 - Restrict Misc Special Revenue	4,967	5,220	4,944	5,940	5,923	5,927	6,073	6,077
2020 - Construction Code	26,300	26,394	27,480	29,153	30,178	30,224	30,298	30,344
2390 - Workforce Development	926	1,099	786	1,594	1,307	1,306	2,069	1,777
2830 - Workers Compensation	79,137	72,998	73,435	89,657	91,070	91,070	92,195	99,195
3000 - Federal	5,524	5,071	4,924	7,316	5,352	5,138	5,352	5,138
6000 - Miscellaneous Agency	0	0	11	10	10	10	10	10
<b>Total</b>	<b>117,658</b>	<b>111,899</b>	<b>112,880</b>	<b>135,256</b>	<b>135,242</b>	<b>135,077</b>	<b>139,078</b>	<b>144,407</b>
<i>Biennial Change</i>				18,579		22,183		35,349
<i>Biennial % Change</i>				8		9		14
<i>Governor's Change from Base</i>								13,166
<i>Governor's % Change from Base</i>								5

**Expenditures by Program**

Program: Workers Compensation	66,521	59,507	60,317	76,359	78,136	78,137	79,261	86,262
Program: Construction Codes & Services	27,921	28,395	28,759	31,130	32,158	32,207	32,428	32,477
Program: General Support Division	9,279	9,689	9,758	10,805	10,457	10,458	10,757	10,758
Program: Labor Standards & Apprenticesp	1,729	2,215	1,831	4,441	2,734	2,518	4,875	3,153
Program: Workplace Safety	12,208	12,092	12,215	12,521	11,757	11,758	11,757	11,758
<b>Total</b>	<b>117,658</b>	<b>111,899</b>	<b>112,880</b>	<b>135,256</b>	<b>135,242</b>	<b>135,077</b>	<b>139,078</b>	<b>144,407</b>

**Expenditures by Category**

Compensation	36,836	37,513	38,827	41,756	42,986	43,262	43,952	44,252
Operating Expenses	21,363	21,239	21,671	25,833	25,495	25,181	28,015	33,471
Other Financial Transactions	31	40	24	85	85	85	85	85
Grants, Aids and Subsidies	59,424	53,104	52,316	67,581	66,675	66,548	67,025	66,598
Capital Outlay-Real Property	4	2	42					
<b>Total</b>	<b>117,658</b>	<b>111,899</b>	<b>112,880</b>	<b>135,256</b>	<b>135,242</b>	<b>135,077</b>	<b>139,078</b>	<b>144,407</b>
Total Agency Expenditures	117,658	111,899	112,880	135,256	135,242	135,077	139,078	144,407
Internal Billing Expenditures	3,515	3,712	3,649	4,117	4,053	4,045	4,053	4,045
<b>Expenditures Less Internal Billing</b>	<b>114,142</b>	<b>108,187</b>	<b>109,231</b>	<b>131,139</b>	<b>131,189</b>	<b>131,033</b>	<b>135,025</b>	<b>140,363</b>

(Dollars in Thousands)

**Full-Time Equivalents**

434.4	419.6	419.4	421.7	417.5	415.5	426.5	424.5
-------	-------	-------	-------	-------	-------	-------	-------

**1000 - General**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	263	1,362	184	0	0	0	0
Direct Appropriation	1,066	2,878	6,004	1,302	1,202	1,202	3,081	1,866
Net Transfers	0	(450)	200	100	200	200	0	0
Cancellations	0	213	6,082	0	0	0	0	0
<b>Expenditures</b>	<b>803</b>	<b>1,116</b>	<b>1,300</b>	<b>1,586</b>	<b>1,402</b>	<b>1,402</b>	<b>3,081</b>	<b>1,866</b>
Balance Forward Out	263	1,362	184	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				967		(82)		2,061
<i>Biennial % Change in Expenditures</i>				50		(3)		71
<i>Gov's Exp Change from Base</i>								2,143
<i>Gov's Exp % Change from Base</i>								76
Full-Time Equivalents	9.6	13.4	13.6	13.4	12.9	12.9	17.4	17.4

**2000 - Restrict Misc Special Revenue**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,660	7,674	9,081	10,731	11,574	12,412	11,574	12,412
Receipts	7,014	6,727	6,640	6,833	6,809	6,833	6,809	6,833
Internal Billing Receipts	3,515	3,712	3,649	4,000	4,000	4,000	4,000	4,000
Net Transfers	(36)	(262)	(45)	(50)	(47)	(47)	(47)	(47)
<b>Expenditures</b>	<b>4,967</b>	<b>5,220</b>	<b>4,944</b>	<b>5,940</b>	<b>5,923</b>	<b>5,927</b>	<b>6,073</b>	<b>6,077</b>
Balance Forward Out	7,671	8,919	10,731	11,574	12,412	13,270	12,412	13,270
<i>Biennial Change in Expenditures</i>				697		967		1,267
<i>Biennial % Change in Expenditures</i>				7		9		12
<i>Gov's Exp Change from Base</i>								300
<i>Gov's Exp % Change from Base</i>								3
Full-Time Equivalents	25.2	24.7	25.0	25.5	25.5	25.5	25.5	25.5

**2020 - Construction Code**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	11,015	12,609	15,508	19,495	19,541	19,264	19,541	19,264
Receipts	28,450	30,591	31,467	29,199	29,901	29,901	27,418	27,418
Net Transfers	(1,515)	(1,515)	0	0	0	0	0	0
<b>Expenditures</b>	<b>26,300</b>	<b>26,394</b>	<b>27,480</b>	<b>29,153</b>	<b>30,178</b>	<b>30,224</b>	<b>30,298</b>	<b>30,344</b>

**2020 - Construction Code**

Balance Forward Out	11,651	15,290	19,495	19,541	19,264	18,941	19,264	18,941
Biennial Change in Expenditures				3,939		3,768		4,008
Biennial % Change in Expenditures				7		7		7
Gov's Exp Change from Base								240
Gov's Exp % Change from Base								0
Full-Time Equivalents	146.7	149.4	148.2	148.2	148.2	148.2	148.2	148.2

**2390 - Workforce Development**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	99	30	287	0	0	0	0
Direct Appropriation	1,029	1,279	1,043	1,307	1,307	1,307	2,069	1,778
Cancellations	5	269	0	0	0	0	0	0
<b>Expenditures</b>	<b>926</b>	<b>1,099</b>	<b>786</b>	<b>1,594</b>	<b>1,307</b>	<b>1,306</b>	<b>2,069</b>	<b>1,777</b>
Balance Forward Out	98	10	287	0	0	0	0	0
Biennial Change in Expenditures				355		234		1,467
Biennial % Change in Expenditures				18		10		62
Gov's Exp Change from Base								1,233
Gov's Exp % Change from Base								47
Full-Time Equivalents	9.6	7.2	6.9	6.9	6.4	6.4	9.9	9.9

**2830 - Workers Compensation**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,316	6,722	5,466	10,217	4,866	4,866	14,630	13,505
Direct Appropriation	20,871	20,871	25,419	27,975	24,975	24,975	24,975	24,975
Open Appropriation	56,414	49,620	49,754	63,230	63,230	63,230	63,230	63,230
Receipts	2,600	2,566	3,014	2,865	2,865	2,865	2,865	2,865
Net Transfers	0	(1,250)	0	0	0	0	0	0
Cancellations	200	612	0	0	0	0	0	0
<b>Expenditures</b>	<b>79,137</b>	<b>72,998</b>	<b>73,435</b>	<b>89,657</b>	<b>91,070</b>	<b>91,070</b>	<b>92,195</b>	<b>99,195</b>
Balance Forward Out	5,863	4,919	10,217	14,630	4,866	4,866	13,505	5,380
Biennial Change in Expenditures				10,956		19,048		28,298
Biennial % Change in Expenditures				7		12		17
Gov's Exp Change from Base								9,250
Gov's Exp % Change from Base								5
Full-Time Equivalents	189.7	186.8	184.4	184.4	181.1	181.1	182.1	182.1

**3000 - Federal**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	676	687	693	693	0	0	0	0
Receipts	5,506	5,097	4,924	6,623	5,353	5,138	5,353	5,138
<b>Expenditures</b>	<b>5,524</b>	<b>5,071</b>	<b>4,924</b>	<b>7,316</b>	<b>5,352</b>	<b>5,138</b>	<b>5,352</b>	<b>5,138</b>
Balance Forward Out	658	712	693	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,644		(1,750)		(1,750)
<i>Biennial % Change in Expenditures</i>				16		(14)		(14)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	53.5	38.0	41.4	43.4	43.4	41.4	43.4	41.4

**6000 - Miscellaneous Agency**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	59	54	45	51	51	51	51	51
Receipts	(5)	(9)	18	10	10	10	10	10
<b>Expenditures</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Balance Forward Out	54	45	51	51	51	51	51	51
<i>Biennial Change in Expenditures</i>				21		(1)		(1)
<i>Biennial % Change in Expenditures</i>						(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0



# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: CCLD Fee Reduction

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Construction Code Fund				
Expenditures	0	0	0	0
Revenues	(2,603)	(2,603)	(2,603)	(2,603)
Net Fiscal Impact = (Expenditures – Revenues)	(2,603)	(2,603)	(2,603)	(2,603)
FTEs	0	0	0	0

### Recommendation:

The Governor recommends a \$5.2 million reduction to Construction Codes & Licensing Division (CCLD) licensing, permitting, and plan review fees each biennium. This recommendation sunsets after FY2021.

This proposal reduces license fees for construction contractors, electricians, plumbers, high pressure pipefitters and boiler operators. This proposal also reduces construction plan review and inspection permit fees for construction projects under the jurisdiction of the Department of Labor and Industry, including state owned and state licensed facilities, hospitals and schools. These fee reductions will result in both the licensing and state building permit program revenues being more closely aligned with program costs.

This fee adjustment will reduce revenue to the Construction Codes and Licensing Division (CCLD) construction code fund by about 8.6% or \$2.6 million annually.

### Rationale/Background:

Effective January 1, 2012, the Department of Labor and Industry reorganized and aligned all CCLD license fees for consistency and uniformity among licensees. Since the 2012 fee alignment, the combined effect of the improved construction economy and greater CCLD efficiencies, especially on-line licensing, resulted in more revenue than needed to run the program. Individual license fees were reduced \$20 for FY2016 and FY2017, the reduction is set to sunset on June 30, 2017. This proposal would extend and expand these license fee reductions.

The improved construction economy and greater operating efficiencies have also allowed DLI to reduce costs associated with the review of complex construction plans and the inspections services it provides for state owned and state licensed facilities.

This proposal is designed to bring forecasted revenues in line with forecasted expenditures for the CCLD division.

### Proposal:

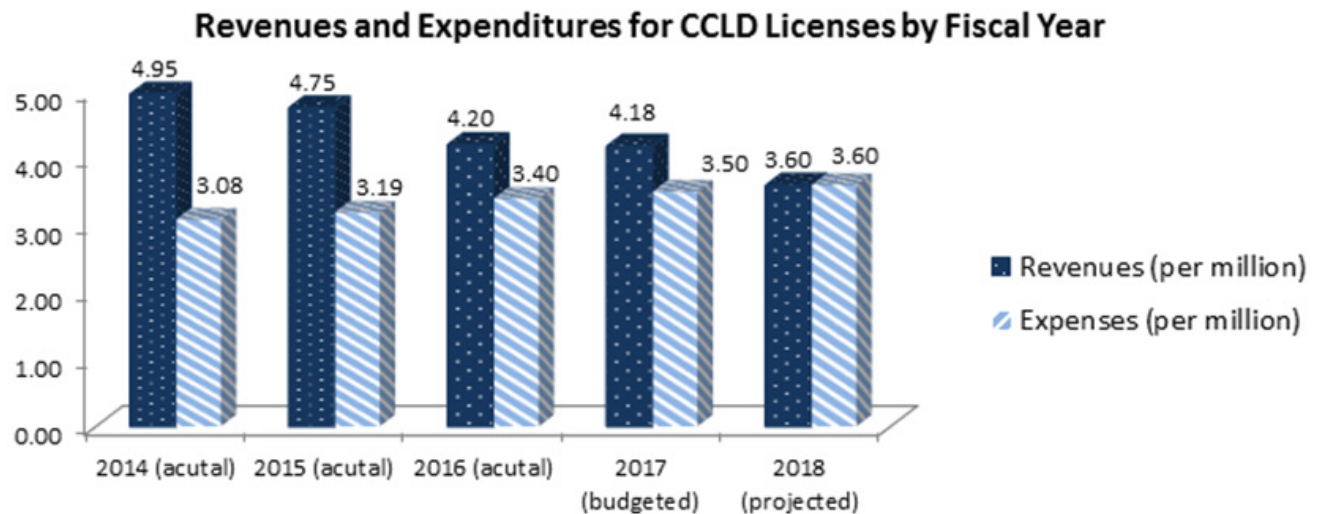
Proposed changes to the license, permit and plan review fees outlined below:

License Fees	Current Law	Proposal Law
Continuing Education	\$20	\$5
Journey Level	\$40	\$30
Master Level	\$80	\$60
Business Level	\$180	\$120

	Building Permit Fees		Plan Review Fees	
	Current Law	Proposal	Current Law	Proposal
25,000 Valuation	\$464	\$350	\$302	\$228
50,000 Valuation	\$764	\$575	\$497	\$374
100,000 Valuation	\$1,187	\$887	\$772	\$577
1,000,000 Valuation	\$6,637	\$5,012	\$4,314	\$3,258
10,000,000 Valuation	\$47,137	\$29,762	\$30,639	\$19,345

The new license and plan review and permit fee schedules would be effective July 1, 2017, with communication to stakeholders occurring upon passage of the language. The proposed fee changes will sunset September 30, 2021. The changes will be evaluated throughout the two biennia to determine if the Fund can sustain the reduced fees for future fiscal years.

### Results:



### Statutory Change(s):

The fees adjusted in this proposal require a statutory change at MS 326B.092 and MS 326B.153.

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Labor Standards Technology Modernization

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	1,300	70	70	70
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,300	70	70	70
FTEs	0	0	0	0

### Recommendation:

The Governor recommends \$1.3 million in FY2018 and \$70,000 every year starting in FY2019 for the Department of Labor and Industry (DLI) Labor Standards division to purchase or build a case management system that provides automation, internal streamlined process improvement, case monitoring functionality, and complaint and trend analysis in support of its wage and hour outreach, education, and enforcement. The results will support enforcement and compliance efforts that provides better services to the people of Minnesota.

The one-time IT investment is expected to increase on-going agency effectiveness and efficiency.

### Rationale/Background:

The current Labor Standards operating system was developed more than 25 years ago. A code conversion was added in 1999 to address Y2K requirements. In 2003 the system migrated from MAPPER platform to the Informix/Power Builder system. Its new platform is nearing its end-of-life in the coming years. The system's limitations require extensive manual effort by division staff.

The Labor Standards division responds to more than 1,100 claims for final wages by workers in addition to conducting an average of 500 employer audits each year ensuring compliance with minimum wage, overtime, child labor, and other wage and hour laws. The current database is not a true case-management system which is needed to track, report, and measure the work of the division. It does not allow for useful and accurate reporting, functionality to support investigators, and case tracking from start to finish. The system is outdated and replacement is required.

### Proposal:

DLI and MNIT@DLI are in the process of completing a planning effort in conjunction with a technology services vendor, to determine options for this system replacement, recommending a commercial off-the-shelf (COTS) system. The objectives of the next phases of this effort is to:

- Complete an analysis of the current system, including:
  - Business Processes
  - Current system technical design and functionality
  - Workflow and scanning processes
  - Reports;
- Determine business and high-level system design requirements for a new system; and
- Provide an analysis of technology options for a new system
- Issue a Request for Proposals (RFP) and select a COTS system
- Implement the COTS solution

A steering team made up of DLI business and MNIT@DLI staff will oversee the project to ensure that project deliverables are timely completed, within budget and according to the specifications.

Success indicators for implementation of the new system include:

- Specifications and requirements are met and fully implemented.
- Staff is trained to enable them to use the new technology and documentation is complete.
- Historical data is successfully converted to allow staff to access.
- Interfaces to other systems are implemented and fully functional.
- The replacement system is fully implemented to meet the needs of the Labor and Standards division.

Work would begin in July 2017 with requirements gathering and process documentation. It is estimated the project would be completed within one year. The on-going costs are for system license and/or MN.IT system support.

**IT Related Proposals:**

The \$1.3 million request in FY2018 is to purchase or build a case management system and includes project staff time. The \$70,000 ongoing is estimated to cover system license fees and general support of the new system.

**Results:**

Upon project completion, the result will be a state-of-the art technology system for the Labor Standards division of DLI, that will be streamlined and provide greatly improved service to all stakeholders in a more timely and efficient manner. Work completion and trend reporting will assist the division in work-load and impact analysis.

**Statutory Change(s):**

No statutory changes are required.

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Wage Theft Prevention

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	4	4	4	4

### Recommendation:

The Governor recommends a base budget increase of \$500,000 per year starting in FY2018 for the Department of Labor and Industry's (DLI) Division of Labor Standards. These additional funds will be used to create a strategic outreach, education and enforcement team to enforce the Minnesota Wage Theft Prevention Initiative statewide. This proposal will help Minnesota workers who are not paid what is legally owed to them for their work performed.

### Rationale/Background:

Wage theft occurs when employers do not pay employees what is owed to them for work performed. DLI estimates that over 39,000 workers suffer from wage theft in Minnesota each year, resulting in \$11.9 million dollars of wages that are owed, but not paid to Minnesota workers.

There are approximately 2.9 million workers in the state and the Division of Labor Standards currently has five FTEs to enforce Minnesota's labor laws. The Division fields approximately 20,000 inquiries per year and processes approximately 1,600 complaints a year. The division audits employer records on a complaint basis, which does not reflect the scope of the wage theft problem since many complaints are never brought forward for fear of retaliation or loss of employment. A more proactive outreach, education and strategic investigation approach is required to ensure that all employees are protected.

During CY 2015 DLI recovered over \$1.3 million in back wage for Minnesota workers. For the 1,144 workers whose employers failed to pay them their final wages at all, the average recovery was \$573. These average recovered wages are the difference between being able to pay a utility bill or car payment. The average wages recovered for workers has gone up each of the last three calendar years:

Calendar Year	2013	2014	2015	2016
Final Wages Collected	\$436,025	\$566,465	\$655,813	\$642,576
Number of Final Wage Claims	1070	1123	1144	1036
Average Amount of Final Wages per Claimant	\$407	\$504	\$573	\$630

### Proposal:

The Minnesota Wage Theft Prevention Initiative includes a request for \$500,000 per year from the General Fund as a permanent base budget increase to the Division of Labor Standards. The funding request would be used to employ, train, develop, and support a strategic education and enforcement team. The proposal also includes legislative language strengthening worker safeguards.

Currently most of the labor standards investigations originate from employee complaints and are related to wage disputes between an employee and employer. Creating a wage theft education and enforcement team will allow for additional inspections and audits to ensure employers are in compliance even if their employees are not making complaints to DLI. Additionally, the wage theft prevention initiative will ensure that good employers don't have to unfairly compete against employers who are not following the law. The wage theft team would also reach a greater number of employees, reduce response times in completing investigations, and make employees whole when the investigation identifies a violation has occurred.

Wage theft often disproportionately impacts minority, female and/or immigrant workers. In 2015, DLI estimated that the total number of wage and salary workers earning \$9.00 or less was about 10 percent of the state's workforce. Workers earning at or near the state minimum level would likely see the greatest impact of this law.

This initiative includes the following statutory changes to strengthen laws in order to prevent wage theft:

- Establishing a definition of wage theft and making it a violation of law,
- Granting DLI additional subpoena power similar to that given in other state agencies and units within DLI to ensure DLI is able to compel production of records when employers refuse to submit them,
- Requiring employers to keep additional records, including copies of personnel policies that are provided to employees,
- Requiring employers to give employees notice of certain employment-related information, such as the employee's rate of pay, the legal name of the employer and the employer's address and phone number.
- Requiring employers to pay employees on a regularly scheduled payday that occurs at least every 16 days, rather than every 31 days.
- Increasing penalties
- Creating a criminal penalty

#### **Equity and Inclusion:**

- Wage theft often disproportionately impacts minority, female and/or immigrant workers.
- Studies show that some racial minorities are more likely to be working in low wage jobs and that those in low wage jobs are more likely to be victims of wage theft.
- The impact of this initiative will result in greater employer compliance and fewer instances of worker exploitation for minority, female, and/or immigrant workers.

#### **Results:**

This is a new program that will use the following specific program performance measures:

- Ensure that DLI is focusing education and enforcement efforts where wage theft is occurring
- Number of employers found in compliance during onsite investigations
- Number of employers contacting DLI seeking guidance on compliance
- Number of wage theft victims made whole
- Amount of back wages collected on behalf of wage theft victims

This information will be collected through the Labor Standards Unit's case management and phone systems and be communicated to the public via DLI's website, press releases, and postings at businesses that have committed wage theft.

#### **Statutory Change(s):**

The changes in the Minnesota Wage Theft Prevention Initiative require statutory changes at MS 177.27, 177.30, 181.03, 181.032, 181.101, 181.722.

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: PIPELINE Project Continuation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	(200)	(200)	(200)	(200)
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	300	300	300
FTEs	3	3	3	3

### Recommendation:

The Governor recommends a \$300,000 in FY2018 and \$300,000 in FY2019 from the Workforce Development Fund to continue the Minnesota PIPELINE Project and to increase competency-based dual-training programs across the state. This is an ongoing appropriation. This proposal:

- Increases the annual appropriation for the PIPELINE Project from \$200,000 to \$500,000.
- Moves the PIPELINE appropriation from General Fund to the Workforce Development Fund.
- Changes the appropriation from a pass through from the Office of Higher Education and to a direct appropriation to DLI. This is consistent with DLI Apprenticeship Division funding.
- Revises authorizing statute M.S. §175.45 to support the expansion of dual-training programs throughout the state.

### Rationale/Background:

Winner of a 2016 State Government Innovation Award, the Minnesota PIPELINE Project brings together more than 400 industry leaders to develop industry-led, employer-driven, employment-based training programs throughout the state.

The PIPELINE Project was started in FY 2015 to develop industry-led employment-based training programs by leveraging Minnesota's success with registered apprenticeship. PIPELINE currently targets four high-growth industry sectors for the expansion of dual-training and registered apprenticeship programs: advanced manufacturing, agriculture, health care services, and information technology.

### Current PIPELINE Project Outcomes:

- More than 400 industry leaders are engaged in the PIPELINE Project.
- More than 300 dual-trainees will be in a PIPELINE Project dual-training program in 2016.
- 64 employers receive assistance from DLI in the creation of new dual-training programs.
- 22 occupations have industry-approved occupational competency standards.
- PIPELINE occupational competencies are matched with courses offered by Minnesota State and private colleges.

DLI collaborates to align workforce needs with statewide workforce partners including industry associations, the Minnesota Department of Economic Development, the Minnesota Department of Education, the Minnesota Office of Higher Education, Minnesota State, Governors' Workforce Development Board, MSPWin, and Greater Twin Cities United Way.

In the next biennium, the PIPELINE Project aims to triple the number of employers receiving technical assistance from 40 to 120, triple the number of employees from 274 to 822 served by employment based training, and double the number of occupations and occupational competencies in the PIPELINE Project from 22 to over 44.

**Proposal:**

- The PIPELINE Project has been a pilot program since FY 2015. Providing on-going funding will allow DLI to better serve employers seeking in developing dual-training programs. Currently the Project lacks the capacity to meet increased demand from employers and employees. Shifting this initiative from a pilot project into an on-going DLI program allows the program to continue to be innovative and relevant for industry partners.
- The PIPELINE Project complements the current registered apprenticeship training system and is a pathway to apprenticeship for many employees.
- Expanding the reach of the PIPELINE project to more employers in greater Minnesota will give employers another tool to develop an educated, productive workforce. Additionally, the expansion will help more employers to make the commitment to hiring employees and providing them the necessary competency training in an earn-while-you learn approach to workforce development.

**Equity and Inclusion:**

- Dual-training and registered apprenticeship programs are earn-while-you-learn programs that help to address economic disparities. When employers identify qualified applicants based on industry validated occupational competencies, it standardizes and creates more equity in hiring processes.
- The PIPELINE Project is focused on serving underrepresented populations including women, people of color, veterans and disabled. The number of underrepresented populations will be one of several accountability measures.
- On-going funding for the PIPELINE Project will assist in providing technical assistance for developing and implementing dual-training programs for Minnesota employers, employees, and future employees.
- By leveraging Minnesota's success in registered apprenticeship, and focusing on four high-demand, high-growth industries the PIPELINE Project is helping employers change the question from "how do we get workers with the skills we need?" to "how do we provide workers the skills we need?"

**Results:**

<i><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Previous*</b></i>	<i><b>Current</b></i>	<i><b>Dates</b></i>
Quantity	Industry Council Participants	0	417	7/1/14 – 9/1/16
Quantity	PIPELINE Project Validated Occupational Competencies	0	22	1/15/15 – 9/1/16
Quantity	Employers Served	0	37	9/1/15 – 9/1/16
Quantity	Employees Served	0	274	9/1/15 – 9/1/16
Quantity	Employer requesting Dual-Training Assistance	0	63	9/1/15 – 9/1/16

\* There are no previous measures delineated yet because this program started in FY 2015.

**Statutory Change(s):**

MN Statute 175.45



# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: LEAP Grant Funding

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	200	(100)	200	(100)
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	(100)	200	(100)
FTEs	0	0	0	0

### Recommendation:

The Governor recommends \$100,000 in increased funding in FY2018 and \$100,000 in FY2020 for Labor Education Advancement (LEAP) grants that are awarded to community based organizations to provide support for minority and women participating in registered apprenticeship programs. Grants are authorized by M.S. 178.11.

Currently, the Department of Labor and Industry (DLI) is appropriated \$100,000 each year from the Workforce Development Fund to provide these grants. This budget change would:

- Increase the Workforce Development Fund appropriation for LEAP grants by \$100,000 over the biennium for a total \$300,000 appropriation.
- Appropriate all \$300,000 in the first year of the biennium.
- Administer grants on a two-year grant cycle to increase funding stability to provide support for minority and female apprentices.
- Allow the grant funds appropriated in the first year of the biennium to be available in the second year.

### Rationale/Background:

- Minorities and women continue to be under-represented in registered apprenticeship programs. Removing barriers to participation is necessary to recruit and retain more minorities and women so that they can successfully complete their apprenticeships.
- Community-based organizations apply for LEAP grants through a competitive process. Currently, community based organizations must submit annual grant requests for a portion of the \$100,000 annual grant amount.
- Applicants must have a targeted population, apprenticeship opportunities, and a documented plan for assisting minorities and women with entering apprenticeship programs.
- The LEAP grant program has been a successful tool to developing programs to promote registered apprenticeship and provide direct support for participation of minorities and women in registered apprenticeship programs for decades. In 1995, the appropriation for this program was \$408,000 over the biennium.

### Proposal:

- An additional \$100,000 in LEAP grant funding will serve 142 additional apprentices.
- Grants are awarded to community-based organizations serving the targeted populations on a competitive request-for-proposal basis. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and learning programs, identification of matching funds, a budget, and performance objectives.
- In FY14 and FY15 combined, DLI awarded grants to:

- Minneapolis Urban League for a total of \$154,000 serving 695 individuals, including 64 who entered registered apprenticeship programs.
- Construction Careers Foundation for a total \$16,000 serving 181 apprentices.
- Goodwill EasterSeals for \$10,000 serving 168 individuals, including 11 who entered registered apprenticeship programs.
- The average LEAP grant expenditure over FY14/15 per apprentice was \$703.
- This proposal compliments the work of the Registered Apprenticeship Division which administers these grant funds.
- LEAP grant partners include community-based organizations, employers, registered apprenticeship programs, current and future apprentices.

### **Equity and Inclusion:**

LEAP grants directly support minorities and women to participate and complete registered apprenticeship programs.

Apprenticeship outcomes include:

- Since 2010, minority apprenticeship participation has increased from 12.4 to 20.6 percent.
- There are currently 12,152 registered apprentices in Minnesota.
- 35 new apprenticeship programs have been started in the past year.
- 1,162 apprentices graduated from apprenticeship programs in the past year.
- Ninety percent of apprentices are in the construction trades.
- Construction apprenticeship programs take about four years.
- Average starting pay in construction programs is currently \$19 an hour and average ending pay is currently \$33 an hour.
- All LEAP grant participants are women and people of color.

### **Results:**

<i><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Current</b></i>	<i><b>Projected</b></i>	<i><b>Dates</b></i>
Quantity	Number of minority and female individuals served by LEAP grantees	1,044	1,740	14/15 & 18/19
Quality	Number of minority and female registered apprentices served by LEAP grantees	256	425	14/15 & 18/19
Results	Increased participation of minorities and women in registered apprenticeship apprentices.	25%	28%	2016 & 2019

### **Statutory Change(s):**

No Statutory Changes Required

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Clarifications to the Contractor Recovery Fund

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	150	150	150	150
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	150	150	150	150
FTEs	0	0	0	0

### Recommendation:

The Governor recommends eliminating language in the Contractor Recovery Fund statute regarding an obsolete application process, adding defining language on detached garages, and increasing the maximum amount of funds available to homeowners who have received a court judgment against a licensed contractor from \$150,000 per licensed contractor to \$300,000.

The Contractor Recovery Fund estimates spending an additional \$150,000 per year in compensation to homeowners. This represents a 2.5% increase in spending for the fund. The fund will be able to increase compensation to homeowners without additional fees.

### Rationale/Background:

The Contractor Recovery Fund compensates owners or lessees of residential property in Minnesota who have suffered a direct out-of-pocket loss due to a licensed contractor's fraudulent, deceptive or dishonest practices, conversion of funds or failure of performance. Homeowners must receive a court judgment against the contractor before they can apply to the fund. The fund is funded through residential contractor licensing fees and serves in place of a bond for the consumer protection of homeowners who hire a licensed contractor.

The increase in construction activity over the past two years has increased revenue to the fund. However, the past two years have also seen an increase in the out-of-pocket losses borne by a homeowner seeking payment from the fund. By increasing the maximum compensation available per licensed contractor, compensation to those accessing the fund will more accurately reflect their out-of-pocket losses.

For example, under the current \$150,000 per contractor limit today, if there are five claimants against a contractor each with \$100,000 losses, each homeowner would only would receive \$30,000 in compensation from the Fund. Under this proposal each homeowner would receive \$60,000.

### Proposal:

The intent of this proposal is to improve the process for those Minnesotans making application to the fund, to reduce confusion, assist a larger number of applicants, and provide a more reasonable amount of compensation to those who have suffered an out-of-pocket loss. By removing outdated process language and better defining terms, the application process will be simplified.

The increased payout from the Contractor Recovery Fund is sustainable. The Builders Association of Minnesota representing residential contractors supports this proposal.

**Equity and Inclusion:**

Most homeowners are unable to sustain the financial loss associated with having to pay for corrections to a construction project as well as the legal fees often associated with obtaining the required judgment. By clarifying the language, it saves homeowners money and resources because they are not pursuing claims for things not covered by the Fund. Further, those that suffer greater out-of-pocket loss will be eligible to a larger recovery from the Fund.

**Results:**

Increasing the payout per contractor will assist homeowners and contractors with financial losses due to fraudulent activity to receive higher assistance from the Contractor Recovery Fund. We can measure the impact by the number of pro-rated claims made.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Eligible Claimants Paid	77	97	2014, 2016

**Statutory Change(s):**

MN Statute 326B.89.

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Public Accommodation Code Enforcement

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Construction Code Fund				
Expenditures	120	120	120	120
Revenues	120	120	120	120
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

### Recommendation:

The Governor recommends \$120,000 per year starting in FY2018 to enhance state enforcement of building code requirements for the construction, additions, or alteration of “places of public accommodation” in municipalities where the building code is not currently enforced. “Places of public accommodation” is defined as a publicly or privately owned facility that is designed for occupancy by 200 or more people and includes a sports or entertainment arena, stadium, theater, community or convention hall, special event center, indoor amusement facility or waterpark, swimming pool”.

The Department of Labor (DLI) and Industry would require construction plan reviews and inspections for places of public accommodation in areas of the state where the state building code is not enforced. DLI estimates 20 projects per year would be impacted by this change, resulting in an estimated 530 additional inspections and \$120,000 additional inspection fee revenue every year to cover the cost of performing these inspections.

### Rationale/Background:

Currently, 477 municipalities enforce the state building code. However, there are large portions of the state where municipalities have opted-out of enforcing the building code. This proposal would enforce the state building code for larger, public buildings where there is not enforcement now.

This proposal will help prevent a potentially catastrophic event such as the collapse of the water park at Thumper Pond resort in Ottertail County in April 2015. The roof of Thumper Pond’s water park collapsed because it was not built to code and not structurally sound. The report is located in a county that does not enforce the state building code, so it was not inspected. Fortunately, the collapse occurred in the middle of the night when the water park was closed, so there were not any injuries or casualties.

### Proposal:

This proposal is intended to protect people throughout Minnesota by ensuring that public-oriented buildings are built safely. It is critical that the state building code is enforced on high occupancy public assembly buildings to avoid catastrophic loss of life and ensure basic public safety.

### Equity and Inclusion:

This proposal would ensure that the state building code disability accessibility provisions were enforced on all places of public accommodation throughout the state.

**Results:**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>	<i>Dates</i>
Quantity	Inspections of places of public accommodation in municipalities where the building code is not currently enforced.	0	530	FY2017, FY2018

**Statutory Change(s):**

MN Statute 326B.108

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Worker's Compensation IT System Modernization Funding Extension

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	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)	0	0	0	0
<b>FTEs</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

### Recommendation:

The Governor recommends extending the funding appropriated to the Worker's Compensation IT System Modernization project during the 2015 1st special session through FY2021. Appropriations for the project include \$4 million for FY2016, \$6 million for FY2017, \$3 million for FY2018 and \$3 million for FY2019. The funds were appropriated out of the Worker's Compensation Fund. This request would allow all appropriations to be available for the project through FY2021.

### Rationale/Background:

The Governor included in his FY2016-17 biennial budget the replacement of a legacy workers compensation computer application. The legislature funded the project with \$10 million in FY2016-17 and \$6 million in FY2018-19.

Work is underway to replace the legacy system with a state-of-the-art technology system custom developed for processing workers' compensation claims and information in the Workers' Compensation Division (WCD) at the Department of Labor and Industry (DLI), which includes the following functions: Compliance, Records and Training; Alternative Dispute Resolution; Special Compensation Fund; Vocational Rehabilitation; Workers' Compensation Ombudsman, and Patient Advocate Program.

The current expenditures for the project have been spent out of Labor and Industry's Odyssey funds, which will run out of money at the end of FY2017.

### Proposal:

Extending the appropriation into FY2021 will allow work on the new workers' compensation system to continue. DLI and MNIT@DLI have completed analysis of the current workers' compensation system and have started to identify high-level system design requirements and business processes for the new system.

The project got underway as anticipated, however initial funding came from DLI Odyssey funds. Those funds are forecasted to fund the project through FY2017. The \$16 million appropriated from the workers' compensation fund will start funding the project in FY2018.

The project work is anticipated to be completed in FY2021. A Steering Team made up of DLI business and MNIT@DLI staff are overseeing the project to ensure that project deliverables are timely completed, within budget and according to the specifications. Additional state government partners will include the Office of Administrative Hearings, the Workers' Compensation Court of Appeals and other sections within DLI including the Office of General Counsel, and Research and Statistics.

Success indicators for implementation of the new system include:

- Specifications and requirements are met and fully implemented.
- Staffs are trained to enable them to use the new technology and documentation is complete.
- Historical data is successfully converted to allow staff to access.
- Interfaces to other systems are implemented and fully functional.

**IT Related Proposals:**

The IT funding is extended to FY2021 to allow for additional project planning and development time. There is no on-going costs associated with the project. DLI will not need to increase in workers' compensation assessments to complete this project.

**Results:**

Upon project completion, the result will be a state-of-the art technology system for the WCD of DLI, that will be streamlined and provide greatly improved service to all stakeholders in a more timely and efficient manner.

**Statutory Change(s):**

No statutory change required.



# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	79	94	94	94
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	62	71	71	71
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	141	165	165	165
FTEs	1	1	1	1

### Recommendation:

The Governor recommends an operational funding adjustment for the Labor Standards unit and the Apprenticeship division. This funds \$79,000 in FY2018 and \$94,000 each year thereafter from the General Fund for the Labor Standards unit operating costs and \$62,000 in FY2018 and \$71,000 each year thereafter from the Workforce Development Fund for the Apprenticeship division's operating costs. The funds will be used to cover increasing pension obligations and maintain current staffing levels, reducing the need to eliminate .5 FTE from each unit that would otherwise be eliminated through attrition, in order to maintain the current level of service delivery.

### Rationale/Background:

The Department of Labor and Industry's Labor Standards unit protects Minnesota's economy by ensuring workers are paid correctly and workplace rights and responsibilities are enforced. The unit responds to over 29,500 inquiries from the public annually. With the recent change in the minimum wage the number of Minnesotans contacting the Department has increased dramatically. The 6.6% increase will cover increasing pension obligations and fund existing staffing levels to ensure all citizens are served within a reasonable timeline and all complaints are investigated in a timely manner. Stability in the economy and fair competition result when all Minnesota labor laws are fairly enforced throughout the state.

The Apprenticeship division supports Minnesota's economy by developing and promoting work-based career development through registered apprenticeship programs that provide structured on-the-job training and related technical instruction to develop a skilled workforce. The number of registered apprenticeship programs continues to increase, the unit will use the 4.7% increase will cover increasing pension obligations and fund existing staffing levels.

### Proposal:

The Governor recommends increasing Labor Standards' operating budget by 6.6% per year to ensure both employees and employers in Minnesota are protected and the Labor Standards law is enforced. The Governor recommends a 4.7% increase to the Apprenticeship unit to continue to meet the growing apprenticeship needs of Minnesota businesses.

### Equity and Inclusion:

- Labor Standard violations often disproportionately impacts minority, female and/or immigrant workers.
- Registered apprenticeship programs are earn-while-you-learn programs that help to address economic disparities. When employers identify qualified applicants based on industry validated occupational competencies, it standardizes and creates more equity in hiring processes.

### Results:

The increased operating funding for Labor Standards and Apprenticeship will ensure the units can keep up with increased demand and provide timely services to the citizens of Minnesota.

## Labor Standards

<i>Type of measure</i>	<i>Name of measure</i>	<i>Previous</i>	<i>Current</i>	<i>Calendar Years</i>
Quantity	Dollar value of wages recovered	\$1,128,765	\$967,880	2015, 2016
Quantity	Number of Minimum Wage Complaints Taken	11	67	2013, 2015
Quality	Percentage of successful wage claims	47%	41%	2015, 2016
Quality	Percentage of back wages paid	88%	97%	2015, 2016
Results	Number of Labor Standards and Prevailing Wage investigations completed	493	405	2015, 2016

## Apprenticeship

<i>Type of measure</i>	<i>Name of measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal years</i>
Quantity	Number of registered apprentices	6,767	11,571	2011/2016
Quantity	Number of registered apprenticeship programs	138	190	2011/2016
Quantity	Number of new apprentice registrations	1,762	4,246	2011/2016
Quantity	Number of active registered apprentices – female	345	797	2011/2016
Quality	Percentage of active registered apprentices – female	5.0 %	6.8 %	2011/2016
Quantity	Number of active registered apprentices – minority	887	2,390	2011/2016
Quality	Percentage of active registered apprentices – minority	13 %	20.65 %	2011/2016
Quantity	Number of active registered apprentices – veterans	266	648	2011/2016
Quality	Percentage of active registered apprentices – veteran	3.9%	5.6 %	2011/2016

### Statutory Change(s):

No statutory change required.

# Minnesota Department of Labor and Industry

## FY18-19 Biennial Budget Change Item

### Change Item Title: Wind and Solar Electrical Fee Reduction

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	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)	0	0	0	0
FTEs	0	0	0	0

### Recommendation:

The Governor recommends changing the electrical inspection fee schedule for wind generators/turbines and to create an inspection fee schedule specific to solar photovoltaic (PV) installations. The wind generation fee schedule eliminates a mandatory plan review and provides a simple, single, flat fee formula. Because there is currently no dedicated solar PV fee schedule in the electrical statutes, calculating inspection fees using the current fee schedule results in unreasonably steep permit fees. In most cases this will result in lower fees for installers.

### Rationale/Background:

There has been a surge in wind and solar projects this decade and it is expected to continue for the next few years. As these facilities were being constructed it became apparent two years ago that the fee-schedule was too high for what the actual costs were for providing the inspection. Using current statutory authority, the agency began to reduce the fees on a justified exception project-by-project basis. This proposal would change the statute so all facilities would see the fee reduction instead of having to follow a more complicated exception process to receive approval for the lower fee.

### Proposal:

Changing the existing electrical inspection fee schedule for wind generator/turbine and creating a new inspection fee schedule for solar installations will update statute to align with the project-by-project fee level the department instituted in FY2016. The lower fees match the cost of performing services. Changing the statute will ensure a simple and fair fee schedule that will result in cost savings for wind and solar installers. Implementation of the new rates can start FY2018 with outreach to contractors on the new fee schedules occurring upon passage.

### Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Solar PV Permits Issue	223	700	FY2014 FY2016
Results	Avg permit cost of mid-size solar PV system	5,500	1,500	FY2015 FY2016

### Statutory Change(s):

MN Statutes 326B.37, subd. 15

**Program: Workers' Compensation**[www.dli.mn.gov/WorkComp.asp](http://www.dli.mn.gov/WorkComp.asp)**AT A GLANCE**

In fiscal year 2015, the Workers' Compensation Division:

- resolved more than 4,800 disputes involving insurers, employers, employees, vocational rehabilitation providers and health care providers;
- conducted 850 mandatory coverage investigations;
- proactively contacted 6,500 new businesses to educate them about workers' compensation laws;
- maintained more than two million workers' compensation files; and
- provided vocational rehabilitation and placement services to more than 200 injured workers each month.

**PURPOSE & CONTEXT**

Workers' compensation ensures proper benefits and services are delivered to injured workers quickly and efficiently, and at a reasonable cost to employers. The division educates employers and employees about Minnesota's workers' compensation laws and enforces those laws. It also administers the Special Compensation Fund, which provides benefits to injured workers whose employers failed to carry workers' compensation insurance. The division provides alternative dispute resolution to quickly and cost-effectively resolve workers' compensation disputes.

**SERVICES PROVIDED**

The Workers' Compensation Division provides services in four primary areas through its four work units:

1. Alternative Dispute Resolution;
2. Compliance, Records and Training;
3. Special Compensation Fund; and
4. Vocational Rehabilitation.

The division:

- educates 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 permanency; and
- provides vocational rehabilitation services to injured workers.

The Workers' Compensation Division is funded through an appropriation from the workers' compensation fund. The revenues are based on the forecasted funding liability and collected through both an insurer premium surcharge paid by insurers and a self-insured assessment paid by self-insured employers. 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.

## RESULTS

<i>Type of measure</i>	<i>Description of measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal years</i>
Quantity	Workers' compensation benefits paid by division	\$64.1M	\$49.5M	2011, 2015 <sup>1</sup>
Quality	Electronically submitted first reports of injury	8,949	30,179	2011, 2015 <sup>1</sup>
Result	Mediated sessions that resulted in dispute resolution	89%	80%	2011, 2015 <sup>1</sup>
Result	Workers' compensation administrative expense per \$100 of payroll	\$.022	\$.020	2012, 2015 <sup>1</sup>

---

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

---

<sup>1</sup>These dates show the change during the most recent five-year period available.

(Dollars in Thousands)

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	100	0	0	0	0	0
2000 - Restrict Misc Special Revenue	41	43	51	103	84	84	84	84
2830 - Workers Compensation	66,480	59,464	60,166	76,256	78,052	78,053	79,177	86,178
<b>Total</b>	<b>66,521</b>	<b>59,507</b>	<b>60,317</b>	<b>76,359</b>	<b>78,136</b>	<b>78,137</b>	<b>79,261</b>	<b>86,262</b>
<i>Biennial Change</i>				10,648		19,597		28,847
<i>Biennial % Change</i>				8		14		21
<i>Governor's Change from Base</i>								9,250
<i>Governor's % Change from Base</i>								6

**Expenditures by Category**

Compensation	8,834	8,746	9,213	10,683	10,791	10,797	10,916	10,922
Operating Expenses	1,508	1,504	1,682	2,634	4,304	4,298	5,304	12,298
Other Financial Transactions	7	9	1	8	8	8	8	8
Grants, Aids and Subsidies	56,171	49,247	49,422	63,033	63,033	63,033	63,033	63,033
Capital Outlay-Real Property	0	1	0	0	0	0	0	0
<b>Total</b>	<b>66,521</b>	<b>59,507</b>	<b>60,317</b>	<b>76,359</b>	<b>78,136</b>	<b>78,137</b>	<b>79,261</b>	<b>86,262</b>
Total Agency Expenditures	66,521	59,507	60,317	76,359	78,136	78,137	79,261	86,262
Internal Billing Expenditures	35	36	36	28	28	28	28	28
<b>Expenditures Less Internal Billing</b>	<b>66,486</b>	<b>59,472</b>	<b>60,281</b>	<b>76,331</b>	<b>78,108</b>	<b>78,109</b>	<b>79,233</b>	<b>86,234</b>
<i>Full-Time Equivalents</i>	<b>116.1</b>	<b>108.8</b>	<b>109.9</b>	<b>109.9</b>	<b>109.6</b>	<b>109.6</b>	<b>110.6</b>	<b>110.6</b>

**1000 - General**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	1,362	0	0	0	0	0
Direct Appropriation	0	1,362	4,820	0	0	0	0	0
Cancellations	0	0	6,082	0	0	0	0	0
<b>Expenditures</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance Forward Out	0	1,362	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				100		(100)		(100)
<i>Biennial % Change in Expenditures</i>						(100)		(100)

**2000 - Restrict Misc Special Revenue**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	120	131	48	19	0	0	0	0
Receipts	52	81	22	84	84	84	84	84
Net Transfers		(120)						
<b>Expenditures</b>	<b>41</b>	<b>43</b>	<b>51</b>	<b>103</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>
Balance Forward Out	131	49	19	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				70		14		14
<i>Biennial % Change in Expenditures</i>				84		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**2830 - Workers Compensation**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	323	941	329	5,294	327	327	10,091	8,966
Direct Appropriation	10,678	10,678	15,226	17,782	14,782	14,782	14,782	14,782
Open Appropriation	56,337	49,477	49,619	63,000	63,000	63,000	63,000	63,000
Receipts	276	270	286	270	270	270	270	270
Net Transfers		(1,000)						
Cancellations	200	573	0	0	0	0	0	0
<b>Expenditures</b>	<b>66,480</b>	<b>59,464</b>	<b>60,166</b>	<b>76,256</b>	<b>78,052</b>	<b>78,053</b>	<b>79,177</b>	<b>86,178</b>
Balance Forward Out	934	329	5,294	10,091	327	327	8,966	841
<i>Biennial Change in Expenditures</i>				10,478		19,683		28,933

(Dollars in Thousands)

**2830 - Workers Compensation**

<i>Biennial % Change in Expenditures</i>				8		14		21
<i>Gov's Exp Change from Base</i>								9,250
<i>Gov's Exp % Change from Base</i>								6
Full-Time Equivalents	116.1	108.8	109.9	109.9	109.6	109.6	110.6	110.6



**Program: Workplace Safety**

[www.dli.mn.gov/MnOsha.asp](http://www.dli.mn.gov/MnOsha.asp)

**AT A GLANCE**

Each year, on average, the Minnesota Occupational Safety and Health Administration (MNOSHA):

- conducts almost 3,000 compliance inspections;
- assists employers through 1,400 consultation visits;
- responds to 650 employee complaints;
- investigates 20 workplace fatalities;
- provides safety grants for 200 employer safety projects;
- presents safety and health outreach to 3,100 participants;
- works with 100 voluntary partnerships and alliances with employers; and
- affects the safety and health of 2.8 million workers at 168,000 Minnesota worksites.

**PURPOSE & CONTEXT**

The goal of 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 28 states and territories authorized by Congress to administer an occupational safety and health program "at least as effective as" 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 about how to make their workplaces safer;
- working cooperatively with employers through voluntary prevention programs and partnerships; and
- issuing safety grants to help employers boost their safety and health programs.

**RESULTS**

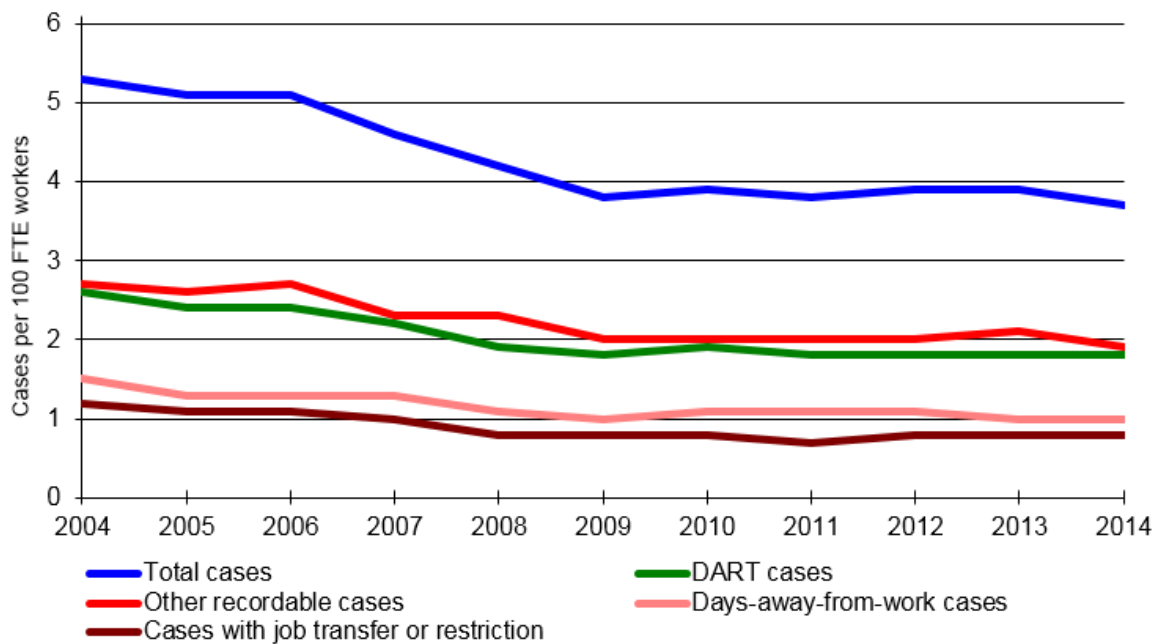
**Fatal occupational injuries per 100,000  
full-time-equivalent workers, 2014**

State	Fatality rate		
	2014	2013	2012
Minnesota	2.3	2.6	2.3
Wisconsin	3.5	3.5	4.0
Iowa	6.0	4.7	6.6
South Dakota	7.2	6.7	6.7
North Dakota	9.8	14.9	17.7

This is important because it shows a lower percentage of employees are dying from work-related injuries in Minnesota than in neighboring states. It demonstrates the success of the MNOSHA program.

The following chart shows the change in injury and illness rates during a 10-year period. The chart graphically demonstrates employee injury and illness rates are dropping and demonstrates evidence of the success of MNOSHA's efforts.

**Injury and illness case incidence rates, Minnesota, 2004-2014**



Note: "DART" cases are days away from work or job restriction or transfer.

Minnesota Statutes, chapter 182, provides the legal authority for this program's activities. As a state plan, Minnesota OSHA primarily enforces 29 CFR 1908, 1910 and 1926, and Minnesota Rules 5205 through 5208, 5210 and 5215.

(Dollars in Thousands)

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
2830 - Workers Compensation	6,912	7,142	7,403	6,826	6,749	6,749	6,749	6,749
3000 - Federal	5,296	4,950	4,813	5,696	5,009	5,009	5,009	5,009
<b>Total</b>	<b>12,208</b>	<b>12,092</b>	<b>12,215</b>	<b>12,521</b>	<b>11,757</b>	<b>11,758</b>	<b>11,757</b>	<b>11,758</b>
<i>Biennial Change</i>				436		(1,221)		(1,221)
<i>Biennial % Change</i>				2		(5)		(5)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

**Expenditures by Category**

Compensation	8,179	7,825	7,875	7,468	7,573	7,681	7,573	7,681
Operating Expenses	2,447	2,616	2,643	3,333	2,517	2,410	2,517	2,410
Other Financial Transactions	1	3	15	54	54	54	54	54
Grants, Aids and Subsidies	1,577	1,648	1,641	1,667	1,613	1,613	1,613	1,613
Capital Outlay-Real Property	4	0	42	0	0	0	0	0
<b>Total</b>	<b>12,208</b>	<b>12,092</b>	<b>12,215</b>	<b>12,521</b>	<b>11,757</b>	<b>11,758</b>	<b>11,757</b>	<b>11,758</b>
Total Agency Expenditures	12,208	12,092	12,215	12,521	11,757	11,758	11,757	11,758
Internal Billing Expenditures	795	874	836	858	858	858	858	858
<b>Expenditures Less Internal Billing</b>	<b>11,413</b>	<b>11,218</b>	<b>11,379</b>	<b>11,663</b>	<b>10,899</b>	<b>10,900</b>	<b>10,899</b>	<b>10,900</b>
<b><u>Full-Time Equivalents</u></b>	<b>94.8</b>	<b>87.1</b>	<b>85.6</b>	<b>85.6</b>	<b>82.6</b>	<b>82.6</b>	<b>82.6</b>	<b>82.6</b>

**2830 - Workers Compensation**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	4,994	5,395	5,137	4,616	4,539	4,539	4,539	4,539
Direct Appropriation	4,154	4,154	4,154	4,154	4,154	4,154	4,154	4,154
Receipts	2,324	2,296	2,728	2,595	2,595	2,595	2,595	2,595
Net Transfers		(105)						
Cancellations	0	8	0	0	0	0	0	0
<b>Expenditures</b>	<b>6,912</b>	<b>7,142</b>	<b>7,403</b>	<b>6,826</b>	<b>6,749</b>	<b>6,749</b>	<b>6,749</b>	<b>6,749</b>
Balance Forward Out	4,560	4,590	4,616	4,539	4,539	4,539	4,539	4,539
<i>Biennial Change in Expenditures</i>				174		(731)		(731)
<i>Biennial % Change in Expenditures</i>				1		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	44.6	50.6	45.9	45.9	42.9	42.9	42.9	42.9

**3000 - Federal**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	660	672	687	687	0	0	0	0
Receipts	5,293	4,979	4,813	5,009	5,009	5,009	5,009	5,009
<b>Expenditures</b>	<b>5,296</b>	<b>4,950</b>	<b>4,813</b>	<b>5,696</b>	<b>5,009</b>	<b>5,009</b>	<b>5,009</b>	<b>5,009</b>
Balance Forward Out	658	702	687	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				263		(490)		(490)
<i>Biennial % Change in Expenditures</i>				3		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	50.2	36.5	39.7	39.7	39.7	39.7	39.7	39.7

**Program: Construction Codes and Licensing**

[www.dli.mn.gov/Ccld.asp](http://www.dli.mn.gov/Ccld.asp)

**AT A GLANCE**

The Construction Codes and Licensing Division annually:

- issues or renews 128,000 personal and business licenses;
- administers 9,000 license exams;
- completes 3,000 building plan reviews;
- issues 120,000 construction permits; and
- performs 157,000 inspections.

**PURPOSE & CONTEXT**

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

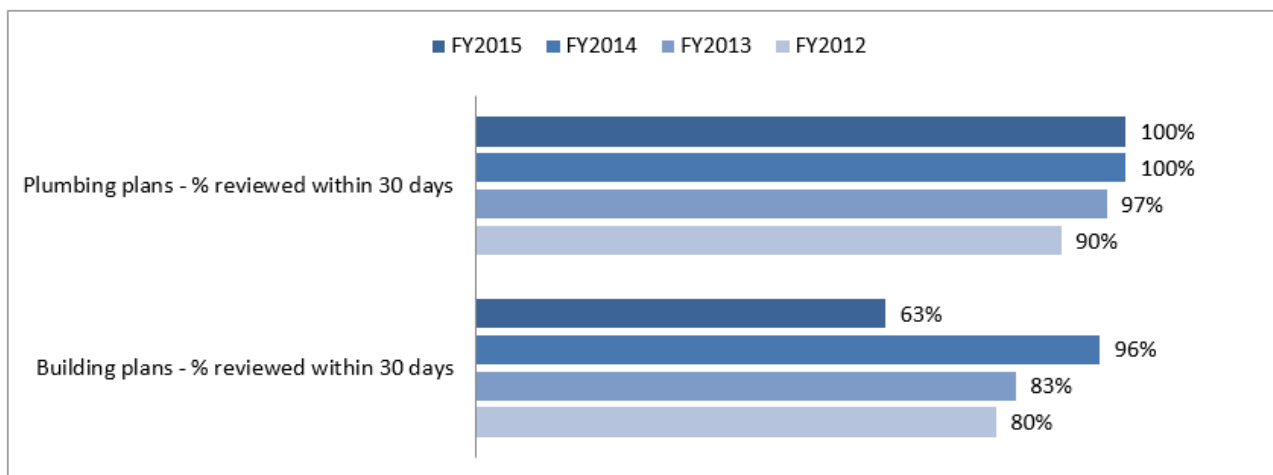
**SERVICES PROVIDED**

CCLD performs the following services to protect the health, safety and welfare of the public.

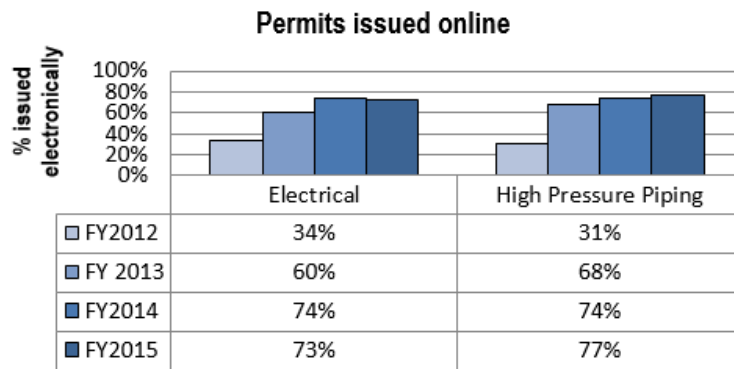
- Code adoption and administration: Assures building safety through a comprehensive and effective process of code adoption and uniform statewide code administration.
- Licensing: Assesses the qualifications of construction professionals and protects consumers and workers through contractor licensing.
- Plan review: Reviews construction plans for state-owned and state-licensed facilities, plumbing installations and manufactured structures in a timely manner to ensure safe, code-compliant buildings that result in value for the owner.
- Construction permitting: Expedites safe building construction through the efficient processing of permits.
- Inspection services: Provides for the competent inspection of all building construction work under the authority of the state and regularly ensures the safe and operational integrity of elevators and boilers.
- 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.

**RESULTS**

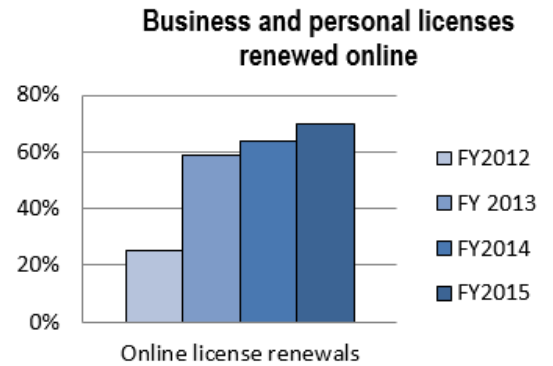
Plan review results: Construction plans for state-owned and state-licensed facilities are reviewed in a timely manner. This is a quantity measure.



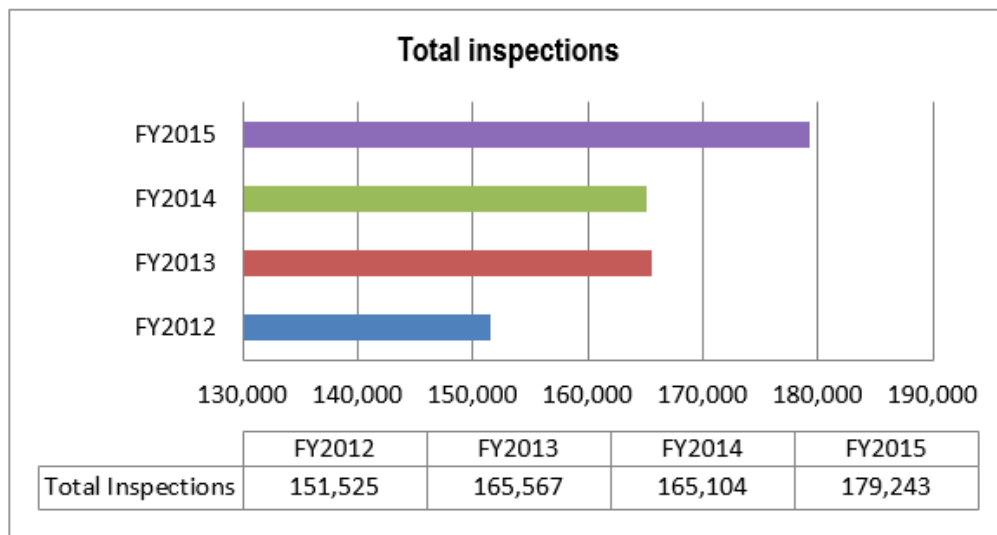
Permits, licenses and inspections: Permits and occupational license renewals are available for online processing for customer convenience and speedier processing.



**Quantity:** Number of permits issued online



**Quantity:** Number of online license renewals



**Quantity:** Number of high-pressure piping, boiler, elevator, plumbing, electrical and building construction inspections performed.

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

(Dollars in Thousands)

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	1,621	2,001	1,279	1,977	1,980	1,983	2,130	2,133
2020 - Construction Code	26,300	26,394	27,480	29,153	30,178	30,224	30,298	30,344
<b>Total</b>	<b>27,921</b>	<b>28,395</b>	<b>28,759</b>	<b>31,130</b>	<b>32,158</b>	<b>32,207</b>	<b>32,428</b>	<b>32,477</b>
<i>Biennial Change</i>				3,572		4,475		5,015
<i>Biennial % Change</i>				6		7		8
<i>Governor's Change from Base</i>								540
<i>Governor's % Change from Base</i>								1

**Expenditures by Category**

Compensation	13,540	14,374	14,812	15,679	16,694	16,731	16,694	16,731
Operating Expenses	12,788	12,135	12,795	13,631	13,643	13,655	13,763	13,775
Other Financial Transactions	13	19	3	21	21	21	21	21
Grants, Aids and Subsidies	1,581	1,866	1,149	1,800	1,800	1,800	1,950	1,950
Capital Outlay-Real Property	0	1	0	0	0	0	0	0
<b>Total</b>	<b>27,921</b>	<b>28,395</b>	<b>28,759</b>	<b>31,130</b>	<b>32,158</b>	<b>32,207</b>	<b>32,428</b>	<b>32,477</b>
Total Agency Expenditures	27,921	28,395	28,759	31,130	32,158	32,207	32,428	32,477
Internal Billing Expenditures	2,520	2,671	2,750	2,948	2,948	2,948	2,948	2,948
<b>Expenditures Less Internal Billing</b>	<b>25,402</b>	<b>25,724</b>	<b>26,009</b>	<b>28,183</b>	<b>29,210</b>	<b>29,259</b>	<b>29,480</b>	<b>29,529</b>
<b><i>Full-Time Equivalents</i></b>	<b>147.0</b>	<b>150.4</b>	<b>149.1</b>	<b>149.4</b>	<b>149.4</b>	<b>149.4</b>	<b>149.4</b>	<b>149.4</b>

**1000 - General**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	100	0	100	0	0	0	0
Net Transfers				(100)				
Cancellations	0	100	0	0	0	0	0	0

**2000 - Restrict Misc Special Revenue**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,550	5,257	6,019	7,645	8,351	9,030	8,351	9,030
Receipts	3,328	2,863	2,905	2,683	2,659	2,683	2,659	2,683
Net Transfers		(100)						
<b>Expenditures</b>	<b>1,621</b>	<b>2,001</b>	<b>1,279</b>	<b>1,977</b>	<b>1,980</b>	<b>1,983</b>	<b>2,130</b>	<b>2,133</b>
Balance Forward Out	5,257	6,019	7,645	8,351	9,030	9,730	9,030	9,730
<i>Biennial Change in Expenditures</i>				(366)		707		1,007
<i>Biennial % Change in Expenditures</i>				(10)		22		31
<i>Gov's Exp Change from Base</i>								300
<i>Gov's Exp % Change from Base</i>								8
Full-Time Equivalents	0.2	0.9	0.9	1.2	1.2	1.2	1.2	1.2

**2020 - Construction Code**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	11,015	12,609	15,508	19,495	19,541	19,264	19,541	19,264
Receipts	28,450	30,591	31,467	29,199	29,901	29,901	27,418	27,418
Net Transfers	(1,515)	(1,515)						
<b>Expenditures</b>	<b>26,300</b>	<b>26,394</b>	<b>27,480</b>	<b>29,153</b>	<b>30,178</b>	<b>30,224</b>	<b>30,298</b>	<b>30,344</b>
Balance Forward Out	11,651	15,290	19,495	19,541	19,264	18,941	19,264	18,941
<i>Biennial Change in Expenditures</i>				3,939		3,768		4,008
<i>Biennial % Change in Expenditures</i>				7		7		7
<i>Gov's Exp Change from Base</i>								240
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	146.7	149.4	148.2	148.2	148.2	148.2	148.2	148.2



**Program: General Support**

<http://www.dli.mn.gov/OverviewGS.asp>

**AT A GLANCE**

In fiscal year 2016, the unit:

- supported approximately 430 agency employees located statewide;
- administered a \$143 million annual budget;
- facilitated nearly 6.5 million web hits;
- had more than 48,500 subscribers to Department of Labor and Industry (DLI) electronic publications;
- represented DLI programs in more than 115 legal cases;
- responded to 120 requests for statistical data;
- ensured 99 percent of DLI employees received a performance review;
- ensured 100 percent of DLI employees have current position descriptions; and
- conducted diversity and inclusion employee focus groups to gather ideas for attracting, recruiting, hiring and retaining a diverse workforce at DLI.

**PURPOSE & CONTEXT**

The General Support Division provides leadership and support to agency programs so they can be successful. Activities are customized to meet the unique needs of each activity while assuring adherence to statewide and agency standards for performance, management and documentation of decisions. Critical goals are to:

- develop and adhere to operating policies and services that meet or exceed statewide standards and policies;
- offer support services within the agency to meet particular programs goals as efficiently as possible while adhering to accepted audit standards;
- manage agency resources in as transparent a manner as possible to assure stakeholders our stewardship of their investments is sound; and
- create opportunities for electronic government transactions to assure existing resources can meet the needs of Minnesota's citizens.

This division serves agency programs that focus on the needs of workers, builders, building owners and employers in Minnesota.

**SERVICES PROVIDED**

The General Support Division strives to provide effective and efficient services and offer solutions to support agency programs. This is accomplished by each unit as follows.

- Communications: provides stakeholder outreach through the website and publications; promotes the work and services of the department.
- Financial Services: protects and ensures accountability for the financial resources entrusted to the department.
- Human Resources: recruits, assesses employee development needs and assists in retaining needed skill sets. Also provides services that promote a healthy, productive and respectful work environment and promotes diversity goals in all EEOC Job Groups for people with a disability.
- Office of Combative Sports: ensures combative events are conducted to minimize injuries and ensures fair competition.
- Office of General Counsel: provides legal advice to the department and advocates for the agency in enforcement and other administrative proceedings.
- Research and Statistics: collects, analyzes and reports workplace safety, workers' compensation and workplace standards data to inform decisionmakers and the public.
- DLI maintains its information technology services through a service-level agreement with MN.IT Services.

These infrastructure services provide agency support that enables programs to focus on their mission and achieve agency goals.

## RESULTS

<b><i>Type of Measure</i></b>	<b><i>Name of Measure</i></b>	<b><i>Previous</i></b>	<b><i>Current</i></b>	<b><i>Dates</i></b>
Quantity	Percentage of accounts payable paid promptly	99.04%	99.08%	2014, 2015
Quality	Percentage of position descriptions that are current and performance appraisals that were timely completed	98.6%	99.5%	2014, 2016

---

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

(Dollars in Thousands)

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	166	234	200	200	0	0
2000 - Restrict Misc Special Revenue	3,305	3,176	3,614	3,860	3,859	3,861	3,859	3,861
2390 - Workforce Development	0	0	0	0	0	0	500	500
2830 - Workers Compensation	5,746	6,392	5,866	6,576	6,269	6,269	6,269	6,269
3000 - Federal	229	121	111	135	129	128	129	128
<b>Total</b>	<b>9,279</b>	<b>9,689</b>	<b>9,758</b>	<b>10,805</b>	<b>10,457</b>	<b>10,458</b>	<b>10,757</b>	<b>10,758</b>
<i>Biennial Change</i>				1,594		352		952
<i>Biennial % Change</i>				8		2		5
<i>Governor's Change from Base</i>								600
<i>Governor's % Change from Base</i>								3

**Expenditures by Category**

Compensation	4,856	4,991	5,399	5,713	5,874	6,066	6,124	6,316
Operating Expenses	4,414	4,687	4,354	5,087	4,578	4,387	4,628	4,437
Other Financial Transactions	9	9	5	3	3	3	3	3
Grants, Aids and Subsidies	0	2	0	2	2	2	2	2
<b>Total</b>	<b>9,279</b>	<b>9,689</b>	<b>9,758</b>	<b>10,805</b>	<b>10,457</b>	<b>10,458</b>	<b>10,757</b>	<b>10,758</b>
Total Agency Expenditures	9,279	9,689	9,758	10,805	10,457	10,458	10,757	10,758
Internal Billing Expenditures	30	19	17	36	33	30	33	30
<b>Expenditures Less Internal Billing</b>	<b>9,249</b>	<b>9,671</b>	<b>9,741</b>	<b>10,769</b>	<b>10,424</b>	<b>10,428</b>	<b>10,724</b>	<b>10,728</b>
<b><u>Full-Time Equivalents</u></b>	<b>57.3</b>	<b>52.7</b>	<b>55.9</b>	<b>56.1</b>	<b>56.1</b>	<b>56.1</b>	<b>59.1</b>	<b>59.1</b>

**1000 - General**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	34	0	0	0	0
Net Transfers			200	200	200	200	0	0
<b>Expenditures</b>	0	0	<b>166</b>	<b>234</b>	<b>200</b>	<b>200</b>	0	0
Balance Forward Out	0	0	34	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				400		0		(400)
<i>Biennial % Change in Expenditures</i>						0		(100)
<i>Gov's Exp Change from Base</i>								(400)
<i>Gov's Exp % Change from Base</i>								(100)
Full-Time Equivalents	0.0	0.0	1.5	1.5	1.5	1.5	1.5	1.5

**2000 - Restrict Misc Special Revenue**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,990	2,287	3,014	3,067	3,223	3,382	3,223	3,382
Receipts	3,634	3,782	3,712	4,065	4,065	4,065	4,065	4,065
Internal Billing Receipts	3,515	3,712	3,649	4,000	4,000	4,000	4,000	4,000
Net Transfers	(36)	(42)	(45)	(50)	(47)	(47)	(47)	(47)
<b>Expenditures</b>	<b>3,305</b>	<b>3,176</b>	<b>3,614</b>	<b>3,860</b>	<b>3,859</b>	<b>3,861</b>	<b>3,859</b>	<b>3,861</b>
Balance Forward Out	2,284	2,851	3,067	3,223	3,382	3,540	3,382	3,540
<i>Biennial Change in Expenditures</i>				993		246		246
<i>Biennial % Change in Expenditures</i>				15		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	24.9	23.8	24.0	24.2	24.2	24.2	24.2	24.2

**2390 - Workforce Development**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	0	0	0	500	500
<b>Expenditures</b>	0	0	0	0	0	0	<b>500</b>	<b>500</b>
<i>Biennial Change in Expenditures</i>								1,000
<i>Gov's Exp Change from Base</i>								1,000
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0

**2830 - Workers Compensation**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	386	0	307	0	0	0	0
Direct Appropriation	6,039	6,039	6,039	6,039	6,039	6,039	6,039	6,039
Open Appropriation	77	143	134	230	230	230	230	230
Net Transfers		(145)						
Cancellations	0	31	0	0	0	0	0	0
<b>Expenditures</b>	<b>5,746</b>	<b>6,392</b>	<b>5,866</b>	<b>6,576</b>	<b>6,269</b>	<b>6,269</b>	<b>6,269</b>	<b>6,269</b>
Balance Forward Out	370	0	307	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				304		95		95
<i>Biennial % Change in Expenditures</i>				3		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	29.0	27.5	28.6	28.6	28.6	28.6	28.6	28.6

**3000 - Federal**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	16	14	6	6	0	0	0	0
Receipts	213	118	111	129	129	129	129	129
<b>Expenditures</b>	<b>229</b>	<b>121</b>	<b>111</b>	<b>135</b>	<b>129</b>	<b>128</b>	<b>129</b>	<b>128</b>
Balance Forward Out	0	11	6	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(103)		10		10
<i>Biennial % Change in Expenditures</i>				(29)		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.3	1.4	1.7	1.7	1.7	1.7	1.7	1.7

**Program: Labor Standards and Apprenticeship**

[www.dli.mn.gov/LaborLaw.asp](http://www.dli.mn.gov/LaborLaw.asp) and [www.dli.mn.gov/Appr.asp](http://www.dli.mn.gov/Appr.asp)

**AT A GLANCE**

In 2015, the Labor Standards unit:

- recovered \$655,000 in final wages for 1,114 workers;
- completed 400 wage and hour investigations and collected \$386,000 in back wages for 7,317 workers;
- completed 53 prevailing-wage investigations and collected \$86,000 in back wages for 40 workers; and
- completed 79 on-site project reviews of state-funded construction.

In 2015, the Apprenticeship unit:

- registered 4,458 new apprentices, including 735 minorities and 126 females;
- assisted 210 registered apprenticeship program sponsors; and
- conducted 57 program reviews and 114 technical assistance visits to sponsors.

**PURPOSE & CONTEXT**

The Department of Labor and Industry's (DLI's) Labor Standards unit protects Minnesota's economy by ensuring workers are paid correctly and workplace rights and responsibilities are enforced. It conducts outreach and investigations to ensure compliance with Minnesota's Fair Labor Standards laws, including minimum wage, prevailing wage, pregnancy and parental leave, and child labor.

DLI's Apprenticeship unit supports Minnesota's economy as it fosters and promotes work-based career development through registered apprenticeship programs that provide structured training to develop a skilled workforce.

**SERVICES PROVIDED**

The Labor Standards unit:

- protects workers and promotes compliance through enforcement of wage, hour and payment laws, including minimum wage, overtime, child labor, women's economic security and prevailing wage;
- provides outreach and training through its child labor initiative to educate employers, schools and parents to protect youth in the workplace;
- provides outreach and education to employers and workers about the state's minimum wage law passed in 2014 and annual wage-rate changes associated with that legislation;
- conducts outreach and enforcement efforts related to the Women's Economic Security Act that includes protections for pregnancy accommodation, pregnancy and parenting leave, sick and safe leave, nursing mothers and wage disclosure; and
- conducts an annual prevailing-wage survey to establish wage rates for workers on publicly funded construction projects.

The Apprenticeship unit:

- engages and assists employers and associations in developing registered apprenticeship programs to recruit, train and retain a highly skilled workforce;
- conducts ongoing technical assistance and compliance activities to ensure each program delivers the training, instruction and rigor outlined in its standards registered with the department;
- engages various community-based organizations, labor groups, employers and associations to foster and promote greater ethnic, racial, gender and veteran participation in registered apprenticeship programs;
- assists registered apprenticeship programs in developing personalized outreach and diversity recruiting plans;
- assists workers and apprentices in connecting with apprenticeship resources;
- develops and supports introductions to construction careers programs for youth, including Construct Tomorrow; and

- fosters and promotes the expansion of registered apprenticeship programs in health care, manufacturing and other industries.

## RESULTS

### ***Labor Standards***

<i><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Previous</b></i>	<i><b>Current</b></i>	<i><b>Calendar years</b></i>
Quantity	Minnesotans directly served by the Labor Standards unit	50,350	111,404	2014, 2015
Quantity	Dollar value of wages recovered	\$1,072,422	\$1,128,765	2014, 2015
Quality	Percentage of findings letters sent within 180 days of opening a Labor Standards investigation	64%	80%	2014, 2015
Quantity	Number of Women's Economic Security Act investigations completed	22	24	2014, 2015

### ***Apprenticeship***

<i><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Previous</b></i>	<i><b>Current</b></i>	<i><b>Fiscal years</b></i>
Quantity	Number of registered apprentices	8,534	10,571	2014, 2015
Quantity	Number of registered apprenticeship programs	196	210	2014, 2015
Quantity	Number of new apprentice registrations	3,453	4,458	2014, 2015
Quantity	Percentage of active registered apprentices – female	6.7%	6.7%	2014, 2015
Quantity	Percentage of active registered apprentices – minority	18%	19.5%	2014, 2015
Quantity	Percentage of active registered apprentices – veteran	3.7%	4.3%	2014, 2015

---

Minnesota Statutes, chapters 177, 178 and 181, provide authority for this program's activities. Minnesota Statutes §§ 177.21-.35 (Minnesota Fair Labor Standards Act), 177.41-.44 (Prevailing Wage Act), 178 (Apprenticeship Training Act, in accordance with 29 Code of Federal Regulations part 29 and part 30), 181.01-.171 (Payment of wages), 181.940-.944 (Parenting leave, Women's Economic Security Act) and 181A (Child Labor Standards Act).

(Dollars in Thousands)

**Expenditures By Fund**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	803	1,116	1,034	1,352	1,202	1,202	3,081	1,866
2390 - Workforce Development	926	1,099	786	1,594	1,307	1,306	1,569	1,277
3000 - Federal	0	0	0	1,485	215	0	215	0
6000 - Miscellaneous Agency	0	0	11	10	10	10	10	10
<b>Total</b>	<b>1,729</b>	<b>2,215</b>	<b>1,831</b>	<b>4,441</b>	<b>2,734</b>	<b>2,518</b>	<b>4,875</b>	<b>3,153</b>
<i>Biennial Change</i>				2,328		(1,019)		1,757
<i>Biennial % Change</i>				59		(16)		28
<i>Governor's Change from Base</i>								2,776
<i>Governor's % Change from Base</i>								53

**Expenditures by Category**

Compensation	1,427	1,578	1,529	2,213	2,054	1,988	2,645	2,603
Operating Expenses	205	297	198	1,149	453	431	1,803	551
Other Financial Transactions	1	0	0	0	0	0	0	0
Grants, Aids and Subsidies	95	340	103	1,079	227	100	427	0
<b>Total</b>	<b>1,729</b>	<b>2,215</b>	<b>1,831</b>	<b>4,441</b>	<b>2,734</b>	<b>2,518</b>	<b>4,875</b>	<b>3,153</b>
Total Agency Expenditures	1,729	2,215	1,831	4,441	2,734	2,518	4,875	3,153
Internal Billing Expenditures	136	112	10	247	186	181	186	181
<b>Expenditures Less Internal Billing</b>	<b>1,593</b>	<b>2,103</b>	<b>1,821</b>	<b>4,194</b>	<b>2,548</b>	<b>2,337</b>	<b>4,689</b>	<b>2,972</b>
<b><u>Full-Time Equivalents</u></b>	<b>19.2</b>	<b>20.7</b>	<b>18.9</b>	<b>20.7</b>	<b>19.7</b>	<b>17.7</b>	<b>24.7</b>	<b>22.7</b>



**1000 - General**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	263	0	150	0	0	0	0
Direct Appropriation	1,066	1,416	1,184	1,202	1,202	1,202	3,081	1,866
Net Transfers		(450)						
Cancellations	0	113	0	0	0	0	0	0
<b>Expenditures</b>	<b>803</b>	<b>1,116</b>	<b>1,034</b>	<b>1,352</b>	<b>1,202</b>	<b>1,202</b>	<b>3,081</b>	<b>1,866</b>
Balance Forward Out	263	0	150	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				467		18		2,561
<i>Biennial % Change in Expenditures</i>				24		1		107
<i>Gov's Exp Change from Base</i>								2,543
<i>Gov's Exp % Change from Base</i>								106
Full-Time Equivalents	9.6	13.4	12.0	11.8	11.3	11.3	15.8	15.8

**2390 - Workforce Development**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	99	30	287	0	0	0	0
Direct Appropriation	1,029	1,279	1,043	1,307	1,307	1,307	1,569	1,278
Cancellations	5	269	0	0	0	0	0	0
<b>Expenditures</b>	<b>926</b>	<b>1,099</b>	<b>786</b>	<b>1,594</b>	<b>1,307</b>	<b>1,306</b>	<b>1,569</b>	<b>1,277</b>
Balance Forward Out	98	10	287	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				355		234		467
<i>Biennial % Change in Expenditures</i>				18		10		20
<i>Gov's Exp Change from Base</i>								233
<i>Gov's Exp % Change from Base</i>								9
Full-Time Equivalents	9.6	7.2	6.9	6.9	6.4	6.4	6.9	6.9

**3000 - Federal**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	0	1,485	215	0	215	0
<b>Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,485</b>	<b>215</b>	<b>0</b>	<b>215</b>	<b>0</b>
<i>Biennial Change in Expenditures</i>				1,485		(1,270)		(1,270)
<i>Biennial % Change in Expenditures</i>						(86)		(86)
<i>Gov's Exp Change from Base</i>								0

(Dollars in Thousands)

**3000 - Federal**

Gov's Exp % Change from Base							0
Full-Time Equivalents	0.0	0.0	0.0	2.0	2.0	0.0	2.0 0.0

**6000 - Miscellaneous Agency**

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	59	54	45	51	51	51	51	51
Receipts	(5)	(9)	18	10	10	10	10	10
<b>Expenditures</b>	0	0	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Balance Forward Out	54	45	51	51	51	51	51	51
Biennial Change in Expenditures				21		(1)		(1)
Biennial % Change in Expenditures						(7)		(7)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

# FY 2018-19 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
U.S. Department of Labor 17.503	State Plan grant authorized by Section 23(g) of the Occupational Safety and Health Act of 1970. State OSHA Compliance Program.		\$3,799	\$4,659	\$3,992	\$3,992	Match	33.50
U.S. Department of Labor 17.504	Consultation Agreement grant authorized by Section 21(d) of the Occupational Safety and Health Act of 1970. State OSHA Consultation Program.		\$1,014	\$1,037	\$1,017	\$1,018	Match	8.25
U.S. Department of Labor 17.005	Bureau of Labor Standards, Occupational Safety and Health Statistics, pursuant to Sec. 24 of the Occupational Safety and Health Act of 1970. Survey of Workplace Injuries.		\$111	\$135	\$129	\$128	Match	1.83
U.S. Department of Labor 17.285	Employment and Training Administration, National Apprenticeship Act, 29 U.S.C. §50; & Consolidated Appropriations Act, 2016, Pub. L. 114-113 Div. H, Title I, Apprenticeship USA State Accelerator Grants.			\$185	\$15		N/A	.50
U.S. Department of Labor 17.285	Employment and Training Administration, Consolidated Appropriations Act, 2016, Pub. L. 114-113., Div. H, Title I; the National Apprenticeship Act, 29 U.S.C. § 50; and 29 C.F.R. Part 29, U. S. Apprenticeship USA State Expansion Grant Initiative			\$1,300	\$200		N/A	1.50
	Agency Total		\$4,924	\$7,316	\$5,353	\$5,138		

## Narrative:

The Occupational Safety and Health Administration (OSHA) Compliance and OSHA Consultation grants are essential to continue the downward trend in occupational fatalities, injuries, and illnesses, and thereby reduce the suffering of workers and families and contain workers' compensation costs. MNOSHA compliance concentrates inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. MNOSHA consultation efforts focus on small- and medium-sized employers.

The Bureau of Labor Statistics grant provides the funding necessary to conduct surveys to collect, analyze, and report data on workplace injuries.

The U.S. Department of Labor Employment and Training Administration grants support the development and implementation of strategic initiatives to allow Apprenticeship Minnesota to foster and promote the registered apprenticeship model through innovation, communication, engagement and reporting.

Federal funding contributes to 4% of the agencies expenditures. Federal funds received through the OSHA Compliance and Bureau of Labor Statistics programs require matching state funds of 50%. The OSHA Consultation program requires matching state funds of 10%. The required state match is provided by the Workers' Compensation fund. The basis for the award estimates are the Federal Fiscal Year 2017 grant base award funding levels.

# Grants Funding Detail

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	FY2016	FY2017
Safety Hazard Abatement (State) M.S. 79.253	To make grants or loans to employers for the cost of implementing safety recommendations	Employers	\$998/year	\$998/year
Labor Education and Advancement Program (State) M.S. 178.11	To facilitate the participation of women and minorities in apprenticeship trades and occupations	Community based organizations	\$100/year	\$100/year
Labor Education and Advancement Program- Womens Economic Security Act (State) Laws of 2014, Chapter 239, Article 2, Section 9	To educate, promote, assist, and support women to enter apprenticeship programs in high-wage, high-demand, nontraditional occupations	Community based organizations		\$30