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Minnesota Department of Labor and Industry

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AT A GLANCE

The Department of Labor and Industry:

- administers wage and safety laws affecting Minnesota’s 2.9 million employees and 167,000 employers;
- oversees workers’ compensation claims and benefit payments for approximately 95,000 injuries annually;
- conducts almost 182,000 construction inspections each year;
- issues 86,000 personal and business licenses annually; and
- monitors more than 11,000 registered apprenticeships.

PURPOSE

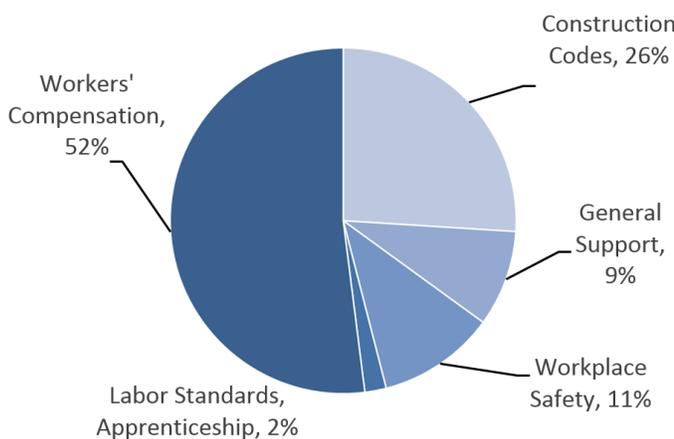
The mission of the Department of Labor and Industry (DLI) is to ensure Minnesota’s work and living environments are healthy, safe and equitable. Our agency provides and enforces reasonable and uniform standards for Minnesota buildings and construction professionals. We also ensure workers’ compensation 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.**

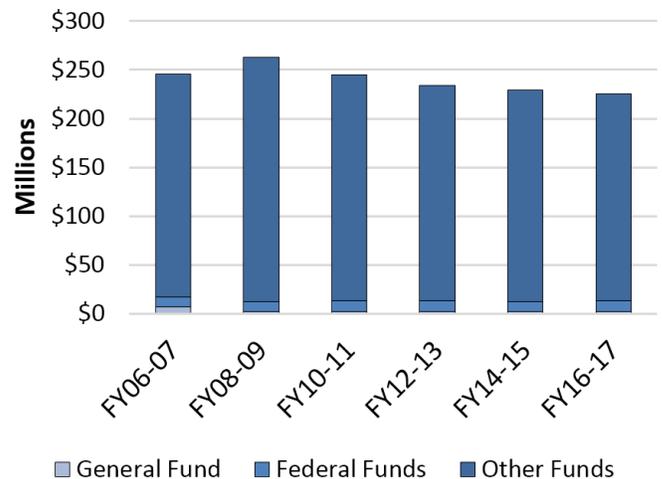
BUDGET

**Spending by Program
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



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.

Labor and Industry

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,300	1,214	1,519	2,451	1,998	1,998	5,098	5,248
2000 - Restrict Misc Special Revenue	4,944	5,031	6,798	8,420	7,003	7,072	7,014	7,073
2020 - Construction Code	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
2390 - Workforce Development	786	1,439	1,655	2,804	2,184	2,184	2,784	2,784
2830 - Workers Compensation	73,435	70,061	62,632	76,367	76,745	68,118	79,745	68,118
3000 - Federal	4,924	5,695	6,332	5,546	6,210	5,557	6,210	5,557
6000 - Miscellaneous Agency	11		4	1	1	1	1	1
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674
Biennial Change				15,746		3,481		14,052
Biennial % Change				7		1		6
Governor's Change from Base								10,571
Governor's % Change from Base								4

Expenditures by Program

Workers Compensation Division	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Construction Codes & Licensing	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
General Support Division	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Labor Standards & Apprenticeship	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Workplace Safety	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674

Expenditures by Category

Compensation	38,827	41,061	41,978	44,032	45,344	45,528	46,252	46,436
Operating Expenses	21,671	22,865	26,279	39,613	36,997	29,792	42,269	32,209
Grants, Aids and Subsidies	52,316	48,618	41,420	46,674	44,429	42,429	44,967	42,957
Capital Outlay-Real Property	42	0						
Other Financial Transaction	24	13	566	620	72	72	72	72
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674

Total Agency Expenditures	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674
Internal Billing Expenditures	3,649	3,924	4,141	4,151	5,261	5,320	5,445	5,504

Labor and Industry

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	109,231	108,633	106,102	126,788	121,581	112,501	128,115	116,170
<u>Full-Time Equivalents</u>	419.44	428.62	429.07	439.53	441.03	436.97	450.86	446.81

Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,362	184		457				
Direct Appropriation	6,004	1,302	1,776	1,794	1,798	1,798	4,898	5,048
Transfers In	200	200	200	200	200	200	200	200
Transfers Out		399						
Cancellations	6,082	72						
Balance Forward Out	184		457					
Expenditures	1,300	1,214	1,519	2,451	1,998	1,998	5,098	5,248
Biennial Change in Expenditures				1,455		26		6,376
Biennial % Change in Expenditures				58		1		161
Governor's Change from Base								6,350
Governor's % Change from Base								159
Full-Time Equivalents	13.56	13.56	15.25	18.39	17.37	17.25	26.37	26.25

2000 - Restrict Misc Special Revenue

Balance Forward In	9,081	10,731	12,161	12,492	10,061	10,990	10,061	10,990
Receipts	6,640	6,510	7,128	5,989	7,932	7,431	7,943	7,432
Internal Billing Receipts	3,649	3,924	4,141	3,909	5,261	5,320	5,261	5,320
Transfers Out	45	50						
Balance Forward Out	10,731	12,160	12,492	10,061	10,990	11,349	10,990	11,349
Expenditures	4,944	5,031	6,798	8,420	7,003	7,072	7,014	7,073
Biennial Change in Expenditures				5,243		(1,143)		(1,131)
Biennial % Change in Expenditures				53		(8)		(7)
Governor's Change from Base								12
Governor's % Change from Base								0
Full-Time Equivalents	24.98	24.87	35.72	17.90	1.90	1.90	1.90	1.90

2020 - Construction Code

Balance Forward In	15,508	19,684	27,867	25,947	19,052	14,806	19,052	14,806
Receipts	31,467	32,335	29,384	28,455	28,455	28,455	28,462	28,457
Balance Forward Out	19,495	22,903	25,947	19,052	14,806	10,370	14,806	10,370
Expenditures	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Biennial Change in Expenditures				10,057		(1,062)		(1,053)
Biennial % Change in Expenditures				18		(2)		(2)

Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's Change from Base								9
Governor's % Change from Base								0
Full-Time Equivalents	148.20	149.25	146.99	151.00	156.00	156.00	156.00	156.00

2390 - Workforce Development

Balance Forward In	30	287	10	423				
Direct Appropriation	1,043	1,307	2,069	2,381	2,184	2,184	2,784	2,784
Cancellations		145						
Balance Forward Out	287	10	424					
Expenditures	786	1,439	1,655	2,804	2,184	2,184	2,784	2,784
Biennial Change in Expenditures				2,235		(91)		1,109
Biennial % Change in Expenditures				100		(2)		25
Governor's Change from Base								1,200
Governor's % Change from Base								27
Full-Time Equivalents	6.90	9.33	11.46	12.55	11.59	11.59	12.42	12.43

2830 - Workers Compensation

Balance Forward In	5,466	12,130	17,240	21,210	18,179	9,827	18,179	9,827
Direct Appropriation	25,419	27,975	24,975	25,031	22,088	22,088	25,088	22,088
Open Appropriation	49,754	45,188	38,115	44,200	42,200	40,200	42,200	40,200
Receipts	3,014	3,101	3,622	4,191	4,191	4,191	4,191	4,191
Transfers Out		2,000	111	86	86	86	86	86
Cancellations		25						
Balance Forward Out	10,217	16,307	21,210	18,179	9,827	8,102	9,827	8,102
Expenditures	73,435	70,061	62,632	76,367	76,745	68,118	79,745	68,118
Biennial Change in Expenditures				(4,497)		5,864		8,864
Biennial % Change in Expenditures				(3)		4		6
Governor's Change from Base								3,000
Governor's % Change from Base								2
Full-Time Equivalents	184.37	189.62	175.32	199.06	215.67	212.92	215.67	212.92

3000 - Federal

Balance Forward In	693	693	711	37	37	37	37	37
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Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Receipts	4,924	5,007	5,659	5,546	6,210	5,557	6,210	5,557
Balance Forward Out	693	6	38	37	37	37	37	37
Expenditures	4,924	5,695	6,332	5,546	6,210	5,557	6,210	5,557
Biennial Change in Expenditures				1,260		(111)		(111)
Biennial % Change in Expenditures				12		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.43	41.99	44.33	40.63	38.50	37.31	38.50	37.31

6000 - Miscellaneous Agency

Balance Forward In	45	51	45	69	69	69	69	69
Receipts	18	(7)	28	1	1	1	1	1
Balance Forward Out	51	45	69	69	69	69	69	69
Expenditures	11		4	1	1	1	1	1
Biennial Change in Expenditures				(7)		(3)		(3)
Biennial % Change in Expenditures						(56)		(56)
Governor's Change from Base								0
Governor's % Change from Base								0

Labor and Industry

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	1,794	1,794	1,794	3,588
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	1,794	1,798	1,798	3,596
Change Items				
Wage Theft Prevention Act		1,850	1,700	3,550
DLI IT Systems Modernization		1,250	1,550	2,800
Total Governor's Recommendations	1,794	4,898	5,048	9,946
Fund: 2390 - Workforce Development				
FY2019 Appropriations	2,381	2,381	2,381	4,762
Base Adjustments				
All Other One-Time Appropriations		(200)	(200)	(400)
Pension Allocation		3	3	6
Forecast Base	2,381	2,184	2,184	4,368
Change Items				
Sustaining Youth Skills Training Program		600	600	1,200
Total Governor's Recommendations	2,381	2,784	2,784	5,568
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	25,031	25,031	25,031	50,062
Base Adjustments				
One-Time IT Appropriations		(3,000)	(3,000)	(6,000)
Pension Allocation		57	57	114
Forecast Base	25,031	22,088	22,088	44,176
Change Items				
Workers' Compensation IT System Modernization		3,000		3,000
Total Governor's Recommendations	25,031	25,088	22,088	47,176
Open				
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	55,200	55,200	55,200	110,400
Base Adjustments				
Forecast Open Appropriation Adjustment	(11,000)	(13,000)	(15,000)	(28,000)
Forecast Base	44,200	42,200	40,200	82,400
Total Governor's Recommendations	44,200	42,200	40,200	82,400

Labor and Industry

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	8,420	7,003	7,072	14,075
Forecast Base	8,420	7,003	7,072	14,075
Change Items				
Licensing Solar Contractors as Residential Contractors		13	3	16
Combative Sports Fee Reductions		(2)	(2)	(4)
Total Governor's Recommendations	8,420	7,014	7,073	14,087
Fund: 2020 - Construction Code				
Planned Spending	35,350	32,701	32,891	65,592
Forecast Base	35,350	32,701	32,891	65,592
Change Items				
Licensing Solar Contractors as Residential Contractors		7	2	9
Total Governor's Recommendations	35,350	32,708	32,893	65,601
Fund: 2830 - Workers Compensation				
Planned Spending	3,881	3,969	3,993	7,962
Forecast Base	3,881	3,969	3,993	7,962
Total Governor's Recommendations	3,881	3,969	3,993	7,962
Fund: 3000 - Federal				
Planned Spending	5,546	6,210	5,557	11,767
Forecast Base	5,546	6,210	5,557	11,767
Total Governor's Recommendations	5,546	6,210	5,557	11,767
Fund: 6000 - Miscellaneous Agency				
Planned Spending	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	5,989	7,932	7,431	15,363
Change Items				
Licensing Solar Contractors as Residential Contractors		13	3	16
Combative Sports Fee Reductions		(2)	(2)	(4)
Total Governor's Recommendations	5,989	7,943	7,432	15,375

Labor and Industry

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2020 - Construction Code				
Forecast Revenues	28,455	28,455	28,455	56,910
Change Items				
Licensing Solar Contractors as Residential Contractors		7	2	9
Total Governor's Recommendations	28,455	28,462	28,457	56,919
Fund: 2830 - Workers Compensation				
Forecast Revenues	4,191	4,191	4,191	8,382
Total Governor's Recommendations	4,191	4,191	4,191	8,382
Fund: 3000 - Federal				
Forecast Revenues	5,546	6,210	5,557	11,767
Total Governor's Recommendations	5,546	6,210	5,557	11,767
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	142	142	142	284
Change Items				
Wage Theft Prevention Act		172	172	344
Total Governor's Recommendations	142	314	314	628
Fund: 2830 - Workers Compensation				
Forecast Revenues	75,710	67,392	62,392	129,784
Change Items				
Minnesota OSHA Federal Penalty Conformance		100	100	200
Total Governor's Recommendations	75,710	67,492	62,492	129,984

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Wage Theft Prevention Act

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,850	1,700	1,700	1,700
Revenues	172	172	172	172
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,678	1,528	1,528	1,528
FTEs	9	9	9	9

Recommendation:

The Governor recommends \$1.850 million in FY20 and \$1.7 million in ongoing funding for the Department of Labor and Industry (DLI), to expand and enhance prevention and enforcement strategies to combat wage theft in Minnesota.

Rationale/Background:

Wage theft occurs when employers do not compensate their employees for all work performed. Wage theft often disproportionately impacts communities of color, low wage, and female workers. It has been estimated that 39,000 Minnesotans suffer wage theft per year resulting in \$11.9 million in unpaid wages.

There are 167,500 employers in Minnesota with a workforce of 2.9 million. DLI’s Labor Standards unit has nine FTEs that process claims for final wages and conduct investigations of minimum wage, overtime, deductions, tips, child labor violations as well as certain provisions of the Women’s Economic Security Act. The Division fields more than 20,000 inquiries and processes approximately 1,600 complaints annually. The unit audits employer records primarily on a complaint basis, which does not reflect the scope of the wage theft problem since many complaints are never brought forward by workers for fear of retaliation or loss of employment.

In FY18, DLI received a base increase of \$500,000 to support four additional FTEs which included three wage theft specialists to resolve worker final wages, and an outreach coordinator to engage workers and employers. In CY2018, the department responded to nearly 25,000 inquiries and processed a record 1,363 wage claims and nearly 600 cases resulting in workers receiving more than \$1.1 million in earned final wages and back pay. However, not all wage claims are successful. In addition, the unit is unable to investigate all complaints it receives. Furthermore, there are many workers who fear retaliation and loss of employment so they never report wage theft to the department.

This additional investment will fund 7 FTE labor investigators to perform strategic and employer-location inspections and investigations to identify violations; 2 FTE to provide office administrative support; inspector training development; ongoing case management modernization and reporting efforts; outreach; and grants for community-based partners to raise awareness about wage theft. The goal of this investment is to pivot the unit from a complaint-based desk-audit enforcement model to a strategic enforcement model that performs onsite inspection that identifies systemic wage theft where the violations occur. This investment and strategy promises a greater wage theft deterrent and protection of vulnerable workers who feel they cannot complain.

Proposal:

The Minnesota Wage Theft Prevention proposal strives to strengthen worker safeguards. This initiative proposes to strengthen anti-wage theft laws by:

- Establishing a definition of wage theft as a violation of state law and making wages owed and withheld by an employer in excess of \$10,000 a gross misdemeanor;
- Imposing certain employee notification requirements on employers;
- Establishing penalties for committing wage theft as well as increasing records penalties from \$1,000 to up to \$10,000 when employers do not maintain employee records per current law or do not disclose records when demanded by the Division for compliance;
- Establishing a citation and penalty process to quickly resolve wage theft claims of less than \$1,000 and requires payment of wages every 16 days rather than 31.
- Granting DLI additional subpoena power – similar to that given in other state agencies and units within DLI – 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; and
- Requiring employers to give employees notice of certain employment-related information, such as rate of pay, employer’s legal name, address and phone number.

The above changes would strengthen safeguards for the 2.9 million workers in the state of Minnesota and provide tools the department needs to ensure good employers don’t have to unfairly compete against employers who are not following the law.

Equity and Inclusion:

- Wage theft can impact all workers but often disproportionately impacts communities of color, low-wage earners, and female workers.
- Studies show that certain ethnic communities 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 of people of color and/or female workers.
- Workers will gain greater protection from retaliation for reporting their employer for violating the law.
- Workers will also gain greater stability of employment by knowing who exactly they are working for, when they will be paid and how much.

IT Related Proposals:

N/A

Results:

DLI anticipates the number of wage claims and amount of final wages collected will increase initially due to additional wage thefts reported to the agency. This will help more people get their rightful payments faster. Over time the increased penalties and subpoena authority should deter future wage theft activity.

Calendar Year	2017
Final Wages Collected	\$466,120
Number of Final Wage Claims	986
Average Amount of Final Wages per Claimant	\$472

Statutory Change(s):

The changes in the Minnesota Wage Theft Prevention Initiative require statutory changes at Minn. Stat. §§177.27, 177.30, 177.32, 181.03, 181.032, and 181.101.

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Workers' Compensation IT System Modernization

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation				
Expenditures	3,000	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$3 million in FY20 for the Department of Labor and Industry (DLI) to replace a custom developed Workers' Compensation legacy system. This appropriation will complete the funding for the project, which the legislature appropriated \$16 million to launch in 2015. The additional funds will not require an increase to the special compensation fund assessment and any unspent dollars will return to the fund.

Rationale/Background:

DLI's current workers' compensation computer system was developed 20 years ago. The system maintains records of every reportable workers' compensation injury that occurs in Minnesota and performs a variety of other workers' compensation related functions for DLI, the Office of Administrative Hearings (OAH), and the Workers Compensation Court of Appeals (WCCA).

As part of DLI's continued efforts to drive program efficiency, increase program effectiveness and reduce overall program cost, it seeks additional investment. The new system will improve stakeholder outcomes by:

- Reducing complexity – enabling front end users to get information faster and make determinations that lead to a better workers' compensation system
- Reducing cycle time – enabling faster resolution of disputes and transforming from paper/form based to data driven processes
- Easier access to relevant data – providing stakeholders with secure, accessible and straight forward access to data regarding claims, benefits and disputes
- Improving overall quality of data – implementing automation and shifting data responsibilities to external stakeholders
- One coherent system – enabling a unified system for DLI units and, to the extent possible, with the OAH C-Track case management system and the WCCA.

It is expected that the new system will increase the speed, timeliness, and accuracy of filings, as well as the ability to quickly access the information in the system. This will benefit all stakeholders using the system, particularly injured workers. It will provide quicker access to claim information allowing injured workers to obtain treatment for their injuries and resolve their claims more efficiently, and at lower costs. The new system will also provide a streamlined business process within the division. DLI expects that the new system will incorporate all facets of the workers' compensation system. This will include scheduling of proceedings and vocational rehabilitation activities, as well as increasing the ease and accuracy of administering and reporting benefits by the Special Compensation Fund unit. Utilizing web technology, the new system will be more automated and provide greater online access for all stakeholders, resulting in more effective service to the Department's diverse customer base.

The Governor requested funds for the system replacement during the 2015 legislative session and the legislature funded the project with \$10 million in FY2016-17 and \$6 million in FY2018-19. Since funding was appropriated, DLI and MN.IT developed a project governance structure. A steering team oversees the project including deliverables, budget, and change management. The steering team reports up to an owner's team which monitors progress and manages risk.

Phase 1: Planning (12/1/2014 – 12/15/15)

Phase 1 analyzed the current Workers Compensation system, including business processes, technical design and functionality, workflow processes, and reporting. This phase also identified business and high-level design requirements for a new system, as well as analyzed technology options to meet these requirements.

Phase 2: Initiation (8/26/2016 – 8/1/2018)

Phase 2 published a request for proposals (RFP) from vendors and negotiated a contract with the winning vendor.

Phase 3. System Implementation [8/1/2018 – 12/31/2020]

With the contract negotiated and signed, system implementation began on 8/1/2018. Implementation will last over two years.

Proposal:

After receiving responses to the RFP, DLI evaluated the true costs of the modernization project. The 2015 request was only an estimate based on current processes and known technology at the time. The \$3 million dollars is needed to fully fund the modernization project through its completion in December 31, 2020. Remaining project costs include:

- Contract with CapTech, the winning bidder, to develop the software package;
- Service agreements with MN.IT to provide developers;
- User Acceptance Testing to ensure the system works as intended;
- Business project manager to oversee project and manage risk;
- Training and change management for work comp employees to modify business processes and learn the new system.

Equity and Inclusion:

The proposed change impacts injured workers, employers, insurance companies and their legal representation. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected.

IT Related Proposals:

The \$3 million dollars proposed is required to fund the project through its completion in December 31, 2020. There are no project related costs past FY2021. DLI'S Workers' Compensation Division (WCD) operating budget will pay for the maintenance and license costs to maintain the system.

Results:

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

Success indicators for implementation of the new system include:

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

- The replacement system is fully implemented to meet the needs of the WCD and the broader state workers' compensation system to the degree possible; specifically integrating with the OAH C-Track Court Management System.

New quantity measurements post-system implementation.

- Number of phone calls per claim
- Number of times a file is opened/amended
- Number of days to resolve a dispute [filing to resolution]
- Number of active external system users
- Number of fines for failure to comply

Statutory Change(s):

N/A

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Sustaining Youth Skills Training Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	600	600	600	600
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	600	600	600	600
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$1.2 million each biennium for the Youth Skills Training (YST) program. Currently the YST program has a budget of \$1 million per biennium for grants. This proposal increases grant funding for the YST to \$2 million per biennium and adds \$200,000 per biennium for 1 FTE project manager to continue managing the program as no funds are allocated to administer the program after June 30, 2019. In 2017, the legislature passed a one-time appropriation of \$200,000 from the Workforce Development Fund for the Department of Labor and Industry (DLI) to develop the program in FY 2018 and as such there are not sufficient resources for a fully staffed program.

Rationale/Background:

The Youth Skills Training program at the Department of Labor and Industry provides one approach to addressing the shortage of skilled workers in Minnesota. YST does this by supporting the development and implementation of experiential learning opportunities for students 16 and older by providing outreach, consultation, program approval, and grant administration. These locally developed programs are implemented in cooperation with employers, schools and other key stakeholders. YST programs include both classroom instruction and paid part-time employment and are approved and monitored by DLI.

The demand for YST grant funding significantly exceeds the amount of funding available to local partnerships to develop and implement these programs. In FY 2018, 25 partnerships throughout the state applied requesting a total of \$2,388,094 in grant funding. In FY 2019, 33 partnerships throughout the state applied requesting a total of \$3,160,290 in grant funding. Per current statute, DLI was only able to award five partnerships grants totaling \$475,000 for each of the grant rounds. Increasing grant funding allows local partnerships to develop even more YST programs and helps to address the shortage of skilled workers in Minnesota. The project manager position would provide outreach, support partnerships, technical assistance, approve YST programs and provide grant management for the agency. Program success is based on this consultative approach.

Proposal:

Additional funding would double the number of YST partnerships throughout the state by providing partnerships with the necessary grant resources to create and implement employment-based training programs for students 16+ in high-growth, high-demand, and living-wage occupations.

- **Proposal Request Outcomes: Increasing grant funding to \$2 million per biennium (\$1 million per year)**
 - Fund at least 20 local partnerships with grants to create and implement YST programs per biennium compared to the current 10 per biennium;

- Provide the option for local partnerships to receive grant funding in amounts ranging from \$50,000 - \$100,000 per grant;
- Increase industry exposure experiences for students from 2,000 students per biennium to 4,000 students per biennium;
- Increase students participating in meaningful work experiences from 250 student learners to at least 500 student learners per biennium; and
- Maintain the standard of at least 80 percent of eligible YST participants graduating from high school and at least 60 percent of YST participants receiving an industry-recognized credential.
- **Proposal Request Outcomes: Maintain 1 FTE YST project manager: \$200,000 per biennium (\$100,000 per fiscal year)**
 - Continue to monitor grantee progress and outcomes with annual reports;
 - Maintain outreach efforts by exposing over 4,000 new students, schools and businesses to the YST program and resources; and
 - Continue monitoring and managing YST letters of intent, grant applications, grant implementation, grant administration and grant approval. Provide YST programs with support in the creation and implementation of programs, and provide mentorship to YST grantees.

Equity and Inclusion:

This program does not discriminate based on race or ethnicity or any other characteristic. All students in partner schools aged 16+ who are interested in gaining work experiences in high-growth, high-demand occupations can take advantage of the opportunity. This proposal would be positive and proportionate to the student demographics of the schools that develop and implement YST programs.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>	<i>End Date</i>
Quantity	YST grants for partnerships to create and implement YST programs	10	20	6/30/21
Quantity	Grant awards	5 grants up to \$100,000 each	Grants ranging from \$50,000 to \$100,000	6/30/21
Quantity	Student industry exposure opportunities per biennium	2,000 students	4,000 students	6/30/21
Quality	Paid, safe and meaningful work experiences for students per biennium	250 students	500 students	6/30/21

Statutory Change(s):

N/A

Change Item Title: Licensing Solar Contractors as Residential Contractors

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Contractor Recovery (2000)				
Expenditures	13	3	13	3
Revenues	13	3	13	3
Construction Codes (2020)				
Expenditures	7	2	9	2
Revenues	7	2	9	2
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends requiring contractors that install residential solar photovoltaic (PV) systems to be licensed as a residential building contractor or remodeler. This change will increase consumer protection for homeowners by ensuring all installers have the education necessary for the complex installations and that they contribute to the Contractor Recovery Fund, allowing homeowner’s access to make claims against the fund if needed.

Rationale/Background:

Installations of residential solar photovoltaic (PV) systems have increased significantly over the past several years due to advances in technology, reduction in the costs of the PV systems, and financial incentives offered by electric utilities and government agencies. The installation of PV panels on a residential roof is a complex endeavor that can require engineering calculations to ensure that the existing roof support system can carry the additional load of the PV panels. In many cases, additional structure must be added to the existing roof support system.

Licensed residential building contractors and remodelers pay into the Contractor Recovery Fund (CRF). The CRF exists to compensate consumers who suffer a financial loss because of a licensed residential building contractor’s misconduct. By law, CRF can pay out up to \$300,000 on behalf of a single contractor, though individual homeowners can collect no more than \$75,000.

The largest cost in a PV installation is the solar panels themselves, causing solar contractors to seek higher down payments from their customers than other types of residential contractors. The higher down payment creates more risk to solar customers paying for the installation. DLI has secured a judgement against one solar contractor, licensed as an electrical contractor, who took close to \$2,000,000 from Minnesota consumers and businesses in 2017 and 2018. DLI is also currently seeking the revocation of the company’s license and \$50,000 in monetary penalties. Despite the court order its’ unlikely the consumers will ever be reimbursed. Had this company been licensed as a residential building contractor, residential customers would have access to share a portion of the \$300,000 available from the CRF. As it is, they will only be able to make claims against the electrical contractor’s two \$25,000 surety bonds. Electrical contractors are required to have a minimum of one \$25,000 surety bond.

Proposal:

DLI is proposing to require all contractors who install residential PV systems to be licensed as a residential building contractor or remodeler. At least 15 solar companies are already licensed as residential building contractors, and DLI anticipates that this new requirement would apply to 50 current solar contractors.

The 50 current solar contractors licensed as electrical contractors would need to apply for a residential contractor or remodeler license, take the exam, and pay \$490.00 for the 2 year license.

	2020	2021	2022	2023
Application / Exam Fee	\$50	\$50	\$50	\$50
2 Year Business License	\$120	\$120	\$180	180
2020 Total	\$170	\$170	\$230	\$230
CRF Fee	\$320	\$320	\$320	\$320
Estimated # of Licensees	40	10	40	10
Total CCLD Fund revenue	\$6,800	\$1,700	\$9,200	\$2,300
Total CRF Fund revenue	\$12,800	\$3,200	\$12,800	\$3,200

The requirement increases consumer protection for homeowners interested in pursuing renewable energy installations. The impact to DLI would be small as the number of new license applications would be minimal and claims against the CRF would be included in the current workload of the agency. The CRF revenue would compensate consumers who suffer a financial loss as a result of a licensed residential building contractor’s misconduct.

Equity and Inclusion:

The proposed change impacts contractors and their clients. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected. Requiring contractors installing residential solar photovoltaic systems to be licensed as a residential contractor or remodeler would increase consumer protection for all homeowners installing solar to their residence.

IT Related Proposals:

N/A

Results:

Increased consumer protection for homeowners can be measured by the number of complaints on solar contractors to the department. Payments to homeowners out of the CRF fund will be tracked.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>
Quantity	Number of solar contractors licensed as residential contractors	15 (20%)	75 (100%)
Quantity	Number of homeowners that contact DLI regarding solar contractor misconduct	TBD	TBD
Quantity	CRF Payments due to solar contractor misconduct	0	TBD

Statutory Change(s):

M.S. 326B.805, subd. 1

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: DLI IT Systems Modernization

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,250	1,550	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,250	1,550	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2.8 million, over the course of 2 fiscal years, to update the Department of Labor and Industry’s (DLI) technology. DLI’s applications are reliant on aged technology that will run out of vendor support beginning in January 2021. Moreover, technologists to support existing solutions are becoming increasingly scarce. DLI must update applications to a new platform to maintain service delivery and minimize risk to citizens. The re-platforming provides an opportunity to improve the citizen experience with the technology that is supporting DLI programs and deliver solutions to facilitate greater efficiency and effectiveness of program staff.

Rationale/Background:

Citizens expect improved transparency, accessibility and responsive service delivery from Minnesota state agencies. As part of the Minnesota Department of Labor and Industry’s continued effort to preserve and improve service delivery efficiency and effectiveness, funding is recommended to modernize its application portfolio and underlying technical infrastructure.

Many of DLI’s applications are reliant on old technology that will run out of vendor support beginning in January 2021. The code used within the applications is outdated and not used by the current IT workforce. The risk of doing nothing is operating DLI business processes on unsupported applications which could increase cyber-security vulnerabilities and over time will degrade service delivery. In addition, operational costs may increase as DLI looks to mitigate risks by paying for costly service contracts with vendors. Moreover, older applications are less flexible limiting DLI’s ability to meet changing market demands and regulated industry changes.

Updating the technical infrastructure and applications will ensure seamless service delivery and an opportunity to streamline functions to improve citizen experience and program operations.

Proposal:

The Governor recommends new funds to maintain existing DLI service delivery by re-platforming applications onto supported technology. In addition, the re-platforming will allow the creation of more digital service opportunities for DLI programs to simplify service delivery to citizens that have been out of reach with dated technology.

This recommendation integrates with other technology investments occurring at DLI. The Department has already begun the process of modernizing technology that supports its Workers’ Compensation, Labor Standards, and Construction, Codes and Licensing divisions’ applications. Once funded, this proposal along with other changes

will complete a 100% modernization of DLI technology resulting in modern, supported, and secure technology solutions to serve citizens and DLI workers alike for years to come.

Several DLI applications and their underlying technology will run out of vendor support January 1, 2021. Specifically the programs effected include: OSHA, Apprenticeship, CCLD Licensing and other DLI general support applications.

To avoid risk and take advantage of opportunities, there is roughly 18-months to: 1. Assess applications; 2. Develop options; 3. Create roadmaps for DLI divisions and its technology; 4. Execute and implement solutions; 5. Retire existing solutions; and 6. Operationalize business and IT changes.

The timeline creates urgency and the need to run multiple projects concurrently. This requires greater resource commitment to effectively run the various projects and ensure timely implementation..

Equity and Inclusion:

The proposed change impacts DLI clients and stakeholders. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected.

IT Related Proposals:

MNIT@DLI will leverage vendor and contracted resources due to scope and time constraints. State staff, existing and the new FTE, will provide strategic direction and program oversight.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	250	125				
Professional/Technical Contracts	1,000	1,425				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	1,250	1,550				
MNIT FTEs	2	1				
Agency FTEs						

Results:

Upon project completion, the result will be an assessment of all DLI technology platforms and up-to-date technology for Apprenticeship stakeholders, the Office of the General Counsel, and a streamlined interface to the SWIFT accounting system.

Success indicators for implementation of the infrastructure technology and applications include:

- Specifications and requirements are met and fully implemented.
- Staff are trained to enable them to use the new technology and documentation is complete.

- Historical data is successfully converted to allow staff to access the information.
- Interfaces to other systems are implemented and fully functional.

New quantity measurements post-system implementation.

- Number of phone calls pre/post technology
- Number of items submitted online pre/post technology
- Number of days to resolve a client question
- Number of active external system users

Statutory Change(s):

N/A

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota OSHA Federal Penalty Conformance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation Fund				
Expenditures	0	0	0	0
Revenues	100	100	100	100
Net Fiscal Impact = (Expenditures – Revenues)	(100)	(100)	(100)	(100)
FTEs	0	0	0	0

Recommendation:

The Governor recommends raising maximum penalties for willful, repeat, serious, nonserious, failure to correct, and posting violations of workplace safety standards to conform to federal law. This recommendation would also tie future penalties to the implicit price deflator. Penalties assessed by MN OSHA Compliance are deposited as nondedicated revenue in the Workers' Compensation Fund. The increase in total penalties will vary from year to year, but on average the change represents a 5% increase in OSHA Penalty revenue.

Rationale/Background:

MN OSHA is referred to as a "state plan," which means the federal Department of Labor delegates authority to Minnesota to enforce workplace safety and health laws. As a state plan, MN OSHA receives half of its funding in the form of matching grants from the federal Department of Labor. To meet the requirements of these grants, MN OSHA must be "at least as effective as" the federal OSHA laws. Congress recently passed legislation that increased the maximum penalties for federal OSHA. This proposal makes the state's penalty maximums comparable to federal penalty maximums. If Minnesota does not make the changes it may lose federal OSHA funding. Losing federal funding would result in the state forfeiting OSHA administration to the federal Department of Labor. Under this scenario, 750,000 state and local government employees would lose OSHA coverage, as federal OSHA does not cover public employees. Further, without conformity, higher federal penalties would go into effect without the availability of health and safety credits MN OSHA applies, causing employers to be faced with higher overall penalties.

Proposal:

MN OSHA penalties have not been adjusted in over 20 years. Conforming the maximum penalties to federal law and tying future penalty changes to the implicit price deflator encourages employers to take workplace safety and health violations more seriously. Without federal conformity the state would forfeit OSHA administration to the federal Department of Labor. Education and outreach to employer and safety organizations would start upon passage of the legislation. The new penalties would go into effect on July 1, 2019.

Equity and Inclusion:

The proposed change impacts only those Minnesota employers with willful, repeat, serious, nonserious, failure to correct, and posting violations of workplace safety standards. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected. Increased penalties should increase workplace safety for all Minnesota employees.

IT Related Proposals:

N/A

Results:

The increase in maximum penalties will ensure continued federal funding and encourage employers to do more to keep workers safe.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total Workplace Injuries/Illness per 100 FTE	5.3	3.3	2004 2017
Quantity	Total Fatal Occupational Injuries	80	101	2004 2017

Statutory Change(s):

MN Statutes 182.659 and 182.666

Change Item Title: Combative Sports Fee Reductions

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	(2)	(2)	(2)	(2)
Net Fiscal Impact = (Expenditures – Revenues)	2	2	2	2
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing license fees for the following combative sports officials: judges, managers, ring announcers, timekeepers, doctors and referees. The fee changes would decrease dedicated revenue deposited to the Special Revenue Fund by \$1,945.

Rationale/Background:

Minnesota does not have enough licensed officials for combative sports events held in the state. The Office of Combative Sports performed a fee analysis, comparing license fees in the surrounding states of Iowa, North and South Dakota and Wisconsin, and found Minnesota’s fees were significantly higher.

Reducing license fees to align Minnesota with the surrounding states is intended to increase the number of licensed combative sports officials which will allow additional events to be scheduled and held in Minnesota.

Proposal:

The following changes are proposed to the current combative sports license fee structure:

	Current Fee	Proposed New Fee
Referees	\$80	\$25
Judges and Knockdown Judges	\$80	\$25
Ring Announcers	\$80	\$0
Timekeepers	\$80	\$25
Managers	\$80	\$0
Ringside Physicians	\$80	\$25

DLI is proposing to eliminate the manager and ringside announcer fees as those roles are not related to the safety of the event and therefore do not need to be licensed. There are currently 34 licensed officials in Minnesota. It is anticipated that the reduction of the license fee would attract 25 additional licenses however, the initial impact of the fee reduction would be a revenue reduction of \$1,945.

Upon passage of the fee changes, the Office of Combative Sports will engage in education and outreach within the combative sports community to ensure stakeholders are informed of the reduction and elimination of fees to ensure effective implementation.

Equity and Inclusion:

DLI does not anticipate any positive or negative impacts to any racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities and veterans with this proposal.

The fee reductions would align Minnesota’s combative sports fees with surrounding states, creating a more equitable playing field for the combative sports community.

IT Related Proposals:

N/A

Results:

Lowering or eliminating license fees should result in additional individuals holding licenses and more events being held in Minnesota.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Proposed</i>	<i>Previous Dates</i>
Quantity	Number of Combative Sports Events	16	17	FY2016
Quantity	Number of Licenses (<i>may be more than one license per individual</i>)	34	59	FY2016

Statutory Change(s):

Minn. Stat. 341.30, Minn. Stat. 341.32 and Minn. Stat. 341.321

Program: Workers' Compensationdli.mn.gov/business/workers-compensation-businesses**AT A GLANCE**

In fiscal year 2018, the Workers' Compensation Division:

- resolved more than 5,000 disputes involving insurers, employers, employees, vocational rehabilitation providers and health care providers;
- conducted 338 mandatory coverage investigations;
- proactively contacted 5,762 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 170 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, also known as the Workers' 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>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Workers' compensation benefits paid*	\$64.1M	\$44.9M	2011, 2018
Quantity	Workers' compensation reimbursements collected	\$759,742	\$808,742	2015, 2018
Quantity	Hours of training provided to stakeholders	97	141	2011, 2018
Quantity	Number of mediations conducted	489	971	2010, 2018
Result	Mediated sessions that resulted in dispute resolution	89%	77%	2011, 2016
Quantity	Average number of days a Vocational Rehabilitation Services case is open	321.02	250.25	2011, 2018 (Calendar Year)
Result	Percent wages restored to pre-injury level of Vocational Rehabilitation clients who returned to work full-time	84%	89%	2011, 2016 (Calendar Year)

* Benefits are declining as work comp cases are settled and/or final payments are made.

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

Workers Compensation Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	100							
2000 - Restrict Misc Special Revenue	51	63	20	41	33	40	33	40
2830 - Workers Compensation	60,166	56,087	49,373	62,295	62,794	54,148	65,794	54,148
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Biennial Change				(4,737)		5,286		8,286
Biennial % Change				(4)		5		7
Governor's Change from Base								3,000
Governor's % Change from Base								3

Expenditures by Activity

Workers Compensation Division	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188

Expenditures by Category

Compensation	9,213	9,824	10,041	10,501	10,725	10,717	10,725	10,717
Operating Expenses	1,682	1,841	1,552	9,069	11,346	4,715	14,346	4,715
Grants, Aids and Subsidies	49,422	44,482	37,799	42,760	40,755	38,755	40,755	38,755
Other Financial Transaction	1	2	1	6	1	1	1	1
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188

Total Agency Expenditures	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Internal Billing Expenditures	36	37	38	37	48	49	48	49
Expenditures Less Internal Billing	60,281	56,112	49,355	62,299	62,779	54,139	65,779	54,139

Full-Time Equivalent

	109.90	113.35	112.65	113.60	114.60	112.30	114.60	112.30
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Workers Compensation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	1,362							
Direct Appropriation	4,820							
Cancellations	6,082							
Expenditures	100							
Biennial Change in Expenditures				(100)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	48	19	12	19	18	10	18	10
Receipts	22	56	27	40	25	40	25	40
Balance Forward Out	19	12	19	18	10	10	10	10
Expenditures	51	63	20	41	33	40	33	40
Biennial Change in Expenditures				(53)		12		12
Biennial % Change in Expenditures				(46)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.04	0.08	0.19					

2830 - Workers Compensation

Balance Forward In	329	5,294	10,295	14,008	10,865	2,273	10,865	2,273
Direct Appropriation	15,226	17,782	14,782	14,832	11,882	11,882	14,882	11,882
Open Appropriation	49,619	45,024	37,982	44,000	42,000	40,000	42,000	40,000
Receipts	286	305	322	320	320	320	320	320
Transfers Out		2,000						
Cancellations		24						
Balance Forward Out	5,294	10,295	14,008	10,865	2,273	327	2,273	327
Expenditures	60,166	56,087	49,373	62,295	62,794	54,148	65,794	54,148
Biennial Change in Expenditures				(4,584)		5,274		8,274
Biennial % Change in Expenditures				(4)		5		7
Governor's Change from Base								3,000
Governor's % Change from Base								3

Workers Compensation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents	109.86	113.27	112.46	113.60	114.60	112.30	114.60	112.30

Program: Construction Codes and Licensing

dli.mn.gov/business/codes-and-laws

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, boilers and high pressure piping.
- Enforcement: Provides fair and balanced enforcement to achieve compliance with licensure and code requirements.
- Outreach and education: Fosters and promotes safe, accessible and energy-efficient building design and construction through outreach and education to construction professionals and the public.
- Contractor recovery fund: Compensates owners or lessees of residential property in Minnesota who have suffered an actual and direct out-of-pocket loss due to a licensed contractor's fraudulent, deceptive or dishonest practices, conversion of funds or failure of performance.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Number/Percent of plumbing plans reviewed within 21 days	1,938/87%	2,537/98%	2013, 2018
Quantity	Number/Percent of building plans reviewed within 21 days	281/80%	394/89%	2013, 2018
Quantity	Number of licenses issued	74,455	86,585	2013, 2018
Quantity	Number of permits issued	111,356	111,358	2013, 2018
Quantity	Number of Boiler inspections	9,944	9,230	2013, 2018
Quantity	Number of Elevator inspections	5,601	7,533	2013, 2018
Quantity	Number of Plumbing inspections	2,766	4,310	2013, 2018
Quantity	Number of Building inspections	3,407	3,881	2013, 2018
Quantity	Number of Electrical inspections	139,871	157,377	2013, 2018
Quantity	Number of High pressure piping inspections	1,058	1,002	2013, 2018

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

Construction Codes & Licensing

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	1,279	1,790	1,566	1,624	1,631	1,634	1,644	1,637
2020 - Construction Code	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Biennial Change				10,178		(986)		(961)
Biennial % Change				17		(1)		(1)
Governor's Change from Base								25
Governor's % Change from Base								0

Expenditures by Activity

Construction Codes & Licensing	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530

Expenditures by Category

Compensation	14,812	15,494	15,507	16,135	17,062	17,189	17,062	17,189
Operating Expenses	12,795	13,750	15,626	18,839	15,811	15,877	15,818	15,879
Grants, Aids and Subsidies	1,149	1,659	1,402	1,400	1,400	1,400	1,413	1,403
Other Financial Transaction	3	4	335	600	59	59	59	59
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530

Total Agency Expenditures	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Internal Billing Expenditures	2,750	2,905	2,896	2,930	3,760	3,818	3,760	3,818
Expenditures Less Internal Billing	26,009	28,002	29,974	34,044	30,572	30,707	30,592	30,712

Full-Time Equivalent

	149.12	150.32	148.17	152.40	157.40	157.40	157.40	157.40
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Construction Codes & Licensing

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation		100						
Transfers Out		99						
Cancellations		1						

2000 - Restrict Misc Special Revenue

Balance Forward In	6,019	7,645	8,321	9,654	10,007	10,959	10,007	10,959
Receipts	2,905	2,466	2,899	1,977	2,583	2,008	2,596	2,011
Balance Forward Out	7,645	8,321	9,654	10,007	10,959	11,333	10,959	11,333
Expenditures	1,279	1,790	1,566	1,624	1,631	1,634	1,644	1,637
Biennial Change in Expenditures				121		75		91
Biennial % Change in Expenditures				4		2		3
Governor's Change from Base								16
Governor's % Change from Base								0
Full-Time Equivalents	0.92	1.07	1.18	1.40	1.40	1.40	1.40	1.40

2020 - Construction Code

Balance Forward In	15,508	19,684	27,867	25,947	19,052	14,806	19,052	14,806
Receipts	31,467	32,335	29,384	28,455	28,455	28,455	28,462	28,457
Balance Forward Out	19,495	22,903	25,947	19,052	14,806	10,370	14,806	10,370
Expenditures	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Biennial Change in Expenditures				10,057		(1,062)		(1,053)
Biennial % Change in Expenditures				18		(2)		(2)
Governor's Change from Base								9
Governor's % Change from Base								0
Full-Time Equivalents	148.20	149.25	146.99	151.00	156.00	156.00	156.00	156.00

Program: General Support

dli.mn.gov/about-department/about-dli

AT A GLANCE

In fiscal year 2018, the unit:

- supported approximately 428 agency employees located statewide;
- administered a \$146 million annual budget;
- facilitated nearly 5.6 million web hits;
- represented Department of Labor and Industry (DLI) programs in more than 165 legal cases;
- had more than 132,000 subscribers to DLI electronic publications; and
- responded to 110 requests for statistical data.

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 U.S. Equal Employment Opportunity Commission (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.

- Projects and Planning: provides organization development and continuous improvement support services, maintains and communicates the business continuity and emergency response plans for the agency.
- PIPELINE Program; the Private Investment, Public Education, Labor and Industry Experience program, that supports the growth and development of dual-training programs in the state. Dual training programs provide workers a combination of related instruction strategically paired with on-the-job training.
- 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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Percentage of accounts payable paid promptly	99.04%	99.12%	2014, 2018
Quantity	Number of and dollars spent with targeted vendors	18/ \$67,174	23/ \$435,119	2015, 2018
Quantity	Percent of staff who self-identified as women, minorities, or disabled.	65.1%	67.2%	2014, 2018
Quality	Percentage of performance appraisals that were timely completed	100%	100%	2017, 2018

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

General Support Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	166	217	200	200	200	200	1,450	1,750
2000 - Restrict Misc Special Revenue	3,614	3,179	5,212	6,755	5,339	5,398	5,337	5,396
2390 - Workforce Development			201	1,098	800	800	1,400	1,400
2830 - Workers Compensation	5,866	6,510	6,085	6,153	6,153	6,153	6,153	6,153
3000 - Federal	111	109	121	135	138	142	138	142
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Biennial Change				6,389		(838)		3,158
Biennial % Change				32		(3)		12
Governor's Change from Base								3,996
Governor's % Change from Base								16

Expenditures by Activity

General Support Division	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841

Expenditures by Category

Compensation	5,399	5,642	6,076	6,494	6,781	6,847	6,876	6,942
Operating Expenses	4,354	4,370	5,532	7,330	5,372	5,369	6,625	6,922
Grants, Aids and Subsidies		2	4	515	475	475	975	975
Other Financial Transaction	5	0	208	2	2	2	2	2
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841

Total Agency Expenditures	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Internal Billing Expenditures	17	30	61	82	74	76	79	81
Expenditures Less Internal Billing	9,741	9,984	11,758	14,259	12,556	12,617	14,399	14,760

Full-Time Equivalent

	55.87	56.02	58.70	62.99	62.17	62.16	63.00	63.00
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General Support Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		34						
Direct Appropriation							1,250	1,550
Transfers In	200	200	200	200	200	200	200	200
Cancellations		17						
Balance Forward Out	34							
Expenditures	166	217	200	200	200	200	1,450	1,750
Biennial Change in Expenditures				17		0		2,800
Biennial % Change in Expenditures				4		0		700
Governor's Change from Base								2,800
Governor's % Change from Base								700
Full-Time Equivalents	1.54	1.66	1.70	1.97	1.95	1.93	1.95	1.93

2000 - Restrict Misc Special Revenue

Balance Forward In	3,014	3,067	3,828	2,819	36	21	36	21
Receipts	3,712	3,988	4,203	3,972	5,324	5,383	5,322	5,381
Internal Billing Receipts	3,649	3,924	4,141	3,909	5,261	5,320	5,261	5,320
Transfers Out	45	50						
Balance Forward Out	3,067	3,827	2,819	36	21	6	21	6
Expenditures	3,614	3,179	5,212	6,755	5,339	5,398	5,337	5,396
Biennial Change in Expenditures				5,175		(1,230)		(1,234)
Biennial % Change in Expenditures				76		(10)		(10)
Governor's Change from Base								(4)
Governor's % Change from Base								(0)
Full-Time Equivalents	24.02	23.72	34.35	16.50	0.50	0.50	0.50	0.50

2390 - Workforce Development

Balance Forward In				298				
Direct Appropriation			500	800	800	800	1,400	1,400
Balance Forward Out			299					
Expenditures			201	1,098	800	800	1,400	1,400
Biennial Change in Expenditures				1,299		301		1,501
Biennial % Change in Expenditures						23		115
Governor's Change from Base								1,200

General Support Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's % Change from Base								75
Full-Time Equivalents			1.55	3.04	2.12	2.13	2.95	2.97

2830 - Workers Compensation

Balance Forward In		307						
Direct Appropriation	6,039	6,039	6,039	6,039	6,039	6,039	6,039	6,039
Open Appropriation	134	164	133	200	200	200	200	200
Transfers Out			87	86	86	86	86	86
Balance Forward Out	307							
Expenditures	5,866	6,510	6,085	6,153	6,153	6,153	6,153	6,153
Biennial Change in Expenditures				(138)		68		68
Biennial % Change in Expenditures				(1)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.59	29.13	19.68	40.35	56.35	56.35	56.35	56.35

3000 - Federal

Balance Forward In	6	6	6	6	6	6	6	6
Receipts	111	104	121	135	138	142	138	142
Balance Forward Out	6	2	6	6	6	6	6	6
Expenditures	111	109	121	135	138	142	138	142
Biennial Change in Expenditures				36		24		24
Biennial % Change in Expenditures				16		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.72	1.51	1.42	1.13	1.25	1.25	1.25	1.25

Program: Labor Standards and Apprenticeship

<http://dli.mn.gov/business/employment-practices>

AT A GLANCE

In 2018, the Labor Standards unit:

- recovered \$604,372 in final wages for 1,182 workers;
- completed 150 wage and hour investigations and collected \$175,399 in back wages for 744 workers;
- completed 29 prevailing-wage investigations and collected \$145,185 in back wages for 160 workers; and
- completed 51 on-site project reviews of state-funded construction.

In 2018, the Apprenticeship unit:

- registered 3,696 new apprentices, including 639 minorities and 525 females;
- assisted 210 registered apprenticeship program sponsors; and
- conducted 96 program reviews and 173 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;
- investigates wage theft complaints and audits employers to ensure employees are paid for their work and employers are competing fairly in the marketplace;
- increases awareness of wage theft through outreach and education;
- 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>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Median days from receipt to completion of wage claims	17 days	6 days	FY 2012, FY 2018
Quantity	Number of outreach trainings and events/number of stakeholders reached	109 / 47,757	105 / 45,165	CY 2011, CY 2017

Apprenticeship

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Calendar years</i>
Quantity	Number of registered apprentices/new apprentices	8,607 / 1,743	14,002 / 3,599	2011, 2018
Quantity	Number of active registered apprenticeship programs/new programs	222 / 6	216 / 17	2011, 2018
Quantity	Number of occupations with registered apprentices	333	337	2011, 2018
Quantity	Percentage of active registered apprentices – female/minority/veteran	4.7%/12.6%/4.0%	7.2%/20.2%/6.6%	2011, 2018

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).

Labor Standards & Apprenticeship

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,034	997	1,319	2,251	1,798	1,798	3,648	3,498
2390 - Workforce Development	786	1,439	1,454	1,706	1,384	1,384	1,384	1,384
3000 - Federal		746	1,059	349	1,010	353	1,010	353
6000 - Miscellaneous Agency	11		4	1	1	1	1	1
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Biennial Change				3,129		(413)		3,137
Biennial % Change				62		(5)		39
Governor's Change from Base								3,550
Governor's % Change from Base								46

Expenditures by Activity

Labor Standards & Apprenticeship	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236

Expenditures by Category

Compensation	1,529	1,894	2,304	2,705	2,585	2,558	3,398	3,371
Operating Expenses	198	504	994	1,299	1,507	877	2,519	1,739
Grants, Aids and Subsidies	103	782	536	301	101	101	126	126
Other Financial Transaction	0	2		2				
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236

Total Agency Expenditures	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Internal Billing Expenditures	10	208	208	197	252	237	431	416
Expenditures Less Internal Billing	1,821	2,974	3,627	4,110	3,941	3,299	5,612	4,820

<u>Full-Time Equivalent</u>	18.92	21.64	25.61	27.63	26.39	25.68	35.39	34.68
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Labor Standards & Apprenticeship

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		150		457				
Direct Appropriation	1,184	1,202	1,776	1,794	1,798	1,798	3,648	3,498
Transfers Out		300						
Cancellations		55						
Balance Forward Out	150		457					
Expenditures	1,034	997	1,319	2,251	1,798	1,798	3,648	3,498
Biennial Change in Expenditures				1,539		26		3,576
Biennial % Change in Expenditures				76		1		100
Governor's Change from Base								3,550
Governor's % Change from Base								99
Full-Time Equivalents	12.02	11.90	13.55	16.42	15.42	15.32	24.42	24.32

2390 - Workforce Development

Balance Forward In	30	287	10	125				
Direct Appropriation	1,043	1,307	1,569	1,581	1,384	1,384	1,384	1,384
Cancellations		145						
Balance Forward Out	287	10	125					
Expenditures	786	1,439	1,454	1,706	1,384	1,384	1,384	1,384
Biennial Change in Expenditures				935		(392)		(392)
Biennial % Change in Expenditures				42		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.90	9.33	9.91	9.51	9.47	9.46	9.47	9.46

3000 - Federal

Receipts		746	1,059	349	1,010	353	1,010	353
Balance Forward Out			0					
Expenditures		746	1,059	349	1,010	353	1,010	353
Biennial Change in Expenditures				662		(45)		(45)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.41	2.15	1.70	1.50	0.90	1.50	0.90

Labor Standards & Apprenticeship

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
6000 - Miscellaneous Agency								
Balance Forward In	45	51	45	69	69	69	69	69
Receipts	18	(7)	28	1	1	1	1	1
Balance Forward Out	51	45	69	69	69	69	69	69
Expenditures	11		4	1	1	1	1	1
Biennial Change in Expenditures				(7)		(3)		(3)
Biennial % Change in Expenditures						(56)		(56)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Workplace Safety

dli.mn.gov/business/safety-and-health-work

AT A GLANCE

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

- conducts almost 1,900 compliance inspections;
- assists employers through 855 consultation visits;
- responds to 1,200 employee complaints;
- investigates 23 workplace fatalities;
- provides safety grants for 155 employer safety projects;
- presents safety and health outreach to 20,000 participants;
- works with 100 cooperative programs and alliances with employers; and
- affects the safety and health of 2.9 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, 2016

<i>State</i>	<i>Fatality rate</i>		
	<i>2014</i>	<i>2015</i>	<i>2016</i>
Minnesota	2.3	2.7	3.4
Wisconsin	3.5	3.6	3.6
Iowa	6.0	3.9	3.8
South Dakota	4.8	4.9	7.5
North Dakota	9.8	12.5	7.0

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



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

Minn. Statute 182, provides the legal authority for this program’s activities. As a state plan, Minnesota OSHA enforces 29 CFR 1904, 1910, 1915, 1917, 1918, 1926, and 1928; and Minn. Rules 5205 through 5208, 5210 & 5215.

WSC: 29 CFR 1908; 29 CFR 1910.266; Minn. Stat. 79.253; Minn. Stat. 90.145; Minn. Stat. 176.130 and Minn. Rules 5203

Workplace Safety

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
2830 - Workers Compensation	7,403	7,465	7,173	7,919	7,798	7,817	7,798	7,817
3000 - Federal	4,813	4,840	5,153	5,062	5,062	5,062	5,062	5,062
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Biennial Change				788		432		432
Biennial % Change				3		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Workplace Safety	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879

Expenditures by Category

Compensation	7,875	8,208	8,050	8,197	8,191	8,217	8,191	8,217
Operating Expenses	2,643	2,399	2,574	3,076	2,961	2,954	2,961	2,954
Grants, Aids and Subsidies	1,641	1,693	1,679	1,698	1,698	1,698	1,698	1,698
Capital Outlay-Real Property	42	0						
Other Financial Transaction	15	4	23	10	10	10	10	10
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879

Total Agency Expenditures	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Internal Billing Expenditures	836	744	937	905	1,127	1,140	1,127	1,140
Expenditures Less Internal Billing	11,379	11,561	11,389	12,076	11,733	11,739	11,733	11,739

Full-Time Equivalent

	85.63	87.29	83.94	82.91	80.47	79.43	80.47	79.43
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Workplace Safety

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2830 - Workers Compensation								
Balance Forward In	5,137	6,529	6,945	7,202	7,314	7,554	7,314	7,554
Direct Appropriation	4,154	4,154	4,154	4,160	4,167	4,167	4,167	4,167
Receipts	2,728	2,795	3,300	3,871	3,871	3,871	3,871	3,871
Transfers Out			24					
Cancellations		1						
Balance Forward Out	4,616	6,013	7,202	7,314	7,554	7,775	7,554	7,775
Expenditures	7,403	7,465	7,173	7,919	7,798	7,817	7,798	7,817
Biennial Change in Expenditures				225		523		523
Biennial % Change in Expenditures				2		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	45.92	47.22	43.18	45.11	44.72	44.27	44.72	44.27

3000 - Federal

Balance Forward In	687	687	705	31	31	31	31	31
Receipts	4,813	4,157	4,479	5,062	5,062	5,062	5,062	5,062
Balance Forward Out	687	5	31	31	31	31	31	31
Expenditures	4,813	4,840	5,153	5,062	5,062	5,062	5,062	5,062
Biennial Change in Expenditures				562		(91)		(91)
Biennial % Change in Expenditures				6		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	39.71	40.07	40.76	37.80	35.75	35.16	35.75	35.16

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Labor 17.005	Bureau of Labor Standards, Occupational Safety and Health Statistics (BLS): Partially funds agency activities that collect, compile, and analyze statistics for the census of fatal occupational injuries and the survey of occupational injuries and illnesses.	-	\$121	\$135	\$138	\$142	Match	1.25
	Program B4230 Total		\$121	\$135	\$138	\$142		1.25
U.S. Department of Labor U.S. Department of Labor 17.285	Employment and Training: Apprenticeship USA Expansion Grant: Expand strategies for apprenticeship programs to additional high-growth industries. Addresses racial and economic disparities in registered apprenticeship.	-	\$863	\$349	\$1,010	\$353	-	1.75
U.S. Department of Labor 17.285	Employment and Training: Apprenticeship USA Accelerator Grant: Grant funded the development and implementation of eight strategic initiatives to allow Apprenticeship MN to foster and promote the registered apprenticeship model.	-	\$196	-	-	-	-	-
	Program B4240 Total		\$1,059	\$349	\$1,010	\$353		1.75
U.S. Department of Labor 17.504	Occupational Safety and Health Administration Consultation agreement grant: Partially funds consultation services, on request, to help employers prevent accidents and diseases through several employer-assistance programs.	-	\$1,139	\$1,070	\$1,070	\$1,070	Match	7.17
U.S. Department of Labor 17.503	Occupational Safety and Health Administration (OSHA) Compliance Grant: Partially funds agency activities that improve workplace safety and health through outreach, consultation, and enforcement.	-	\$4,014	\$3,992	\$3,992	\$3,992	Match	27.99
	Program B4260 Total		\$5,153	\$5,062	\$5,062	\$5,062		35.16
	Federal Fund – Agency Total		\$6,333	\$5,546	\$6,210	\$5,557		38.16

Narrative:

The Occupational Safety and Health Administration (OSHA) Compliance and 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 containing workers’ compensation costs. Compliance efforts concentrate inspection efforts on high-hazard industries, companies with high workers’ compensation injury rates, and employee complaints. OSHA consultation efforts focus on small- and medium-sized employers.

The Bureau of Labor Standards, Occupational Safety and Health 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. The Accelerator grant ended in FY2018 and the Expansion grant will end October 2020.

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. Funding levels are anticipated to be stable and is based on historical trends.