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Minnesota Department of Human Rights

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<https://mn.gov/mdhr/>

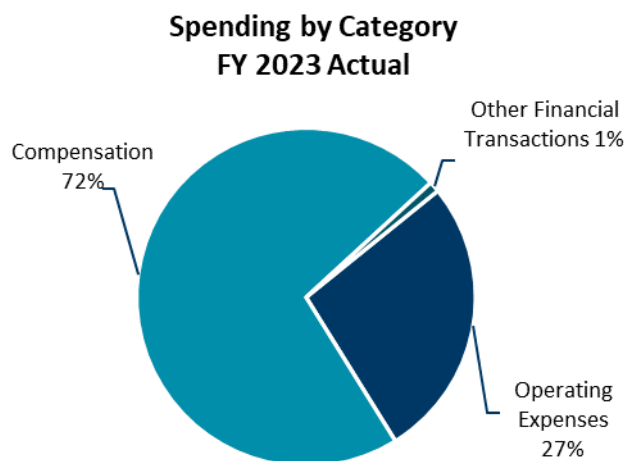
AT A GLANCE

- The Minnesota Department of Human Rights (“MDHR”) is the state’s civil rights enforcement agency and envisions a world where everyone can lead lives full of dignity and joy, free from discrimination.
- The Minnesota Human Rights Act (“the Act”) was signed into law in 1967 and protects the civil rights of all Minnesotans in every county in the state.
- The Act protects Minnesotans and tasks MDHR with enforcement duties in employment, housing, education, credit, public accommodations, and public services based on a person’s protected class, such as: race, religion, disability, national origin, sex, marital status, familial status, age, sexual orientation, and gender identity.
- The Act also tasks MDHR with regulating state contractors to ensure men and women are compensated equally for equal work, and to ensure that contractors are making good faith efforts to maintain inclusive and equitable workforces so that the companies’ employees reflect Minnesota’s vibrant communities.
- Of the cases investigated by MDHR during this period, disability discrimination was the most common charge, followed by race, then sex discrimination.

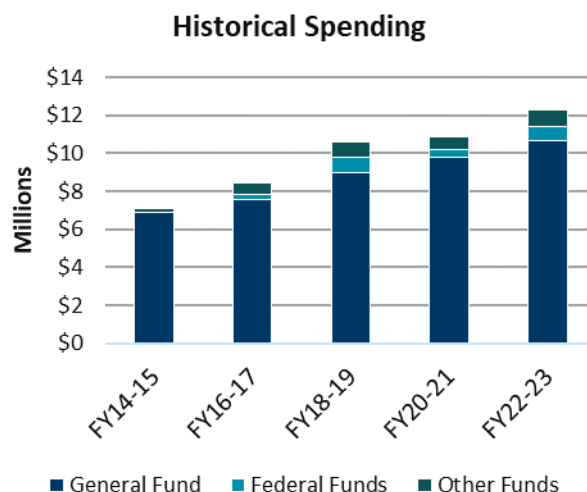
PURPOSE

The Minnesota Department of Human Rights is the state’s civil rights enforcement agency and envisions a world where everyone can lead lives full of dignity and joy, free from discrimination.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

MDHR’s budget primarily comes from the state’s general fund, with a small amount of additional revenue generated from issuing equal pay and workforce certificates to state contractors and fees from educational trainings. MDHR receives approximately \$200,000 annually under a workshare agreement with the Equal Employment Opportunity Commission (EEOC) as payment for investigations of employment discrimination cases. Over 90 percent of MDHR’s expenses are payroll, rent, and IT expenses.

STRATEGIES

The work of MDHR falls into three broad areas:

- **Investigate Claims of Discrimination and Disparate Impact:** Since its establishment in 1967, the Department investigates complaints of discrimination and issues determinations as to whether probable cause exists that discrimination has occurred. At any point in the process, parties are offered voluntary mediation to attempt to settle their concerns without a full investigation. If that is unsuccessful, or parties choose not to participate, the Department conducts a full investigation into the case and issues a determination. When the Department finds probable cause of discrimination, the Department attempts to conciliate a settlement between the parties that will resolve the discriminatory practices, make the charging party whole, avoid future instances of discrimination, and avoid litigation. The Department's civil rights investigation process is free and does not require representation by an attorney.
- **Ensure Equal Employment Opportunity with State Contractors:** Through the Office of Equity and Inclusion for Minnesota Businesses, the Department issues workforce certificates and Equal Pay Certificates to large state contract vendors. This ensures that such vendors comply with federal and state equal employment opportunity laws. The Department also monitors the good faith efforts of state contract vendors with a workforce certificate to implement equal employment opportunities. Since 2014, the Department has worked with contractors who hold Equal Pay Certificates to ensure that they are following all required equal pay laws to prevent gender-based pay disparities. The Department has implemented a strategic compliance model to focus monitoring and compliance efforts on the most likely violations of state law.
- **Community Engagement and Education to Eliminate Discrimination & Disparate Treatment:** The Department uses community engagement, education, and outreach to educate community members and to find solutions to overt and subtle discriminatory practices in our systems and communities. The Department actively participates in interagency work as part of the Olmstead Subcabinet, the Minnesota Interagency Council on Homelessness, the Minnesota Emerging Entrepreneur Board, the Minnesota Council on Disability, and other areas.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Charges of discrimination under the Human Rights Act filed with MDHR.	Quantity	MDHR formally reviews this data twice annually as part of the agency's legislative reporting obligations. This data is included in MDHR's twice annual reports to the legislature on agency civil rights investigations and resolutions.	The data demonstrates an approximate 43 percent increase in the total number of charges Minnesotans have filed with MDHR between fiscal year (FY)22 and FY23.	FY22: 427 charges FY23: 611 charges

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of cases successfully mediated by both parties through MDHR's voluntary alternative dispute resolution process.	Quantity	MDHR's Alternative Dispute Resolution (ADR) team compiles mediation data as part of the agency's semi-annual reporting obligations. This data is included in MDHR's twice annual reports to the legislature on agency civil rights investigations and resolutions.	As a strictly voluntary program, mediation is only scheduled when both parties agree to participate in the mediation process; to that end, this data shows a relatively consistent rate of ADR utilization.	FY22: 60 cases mediated FY23: 56 cases mediated
Investigative case inventory.	Quantity	MDHR continuously monitors cases moving through the investigatory process. This data is included in MDHR's twice annual reports to the legislature on agency civil rights investigations and resolutions.	The data demonstrates a relatively consistent case inventory.	FY22: 1,188 cases FY23: 1,273 cases
Equal Pay Certificates issued to state contractors, ensuring that men and women are compensated equally for equal work.	Quantity	MDHR formally compiles equal pay data biennially as part of the agency's legislative reporting obligations. This data is included in MDHR's biennial equal pay certificate of compliance report.	The data shows a 29 percent increase in the total number of Equal Pay Certificates issued during the most recent reporting period.	January 1, 2020 - December 31, 2021: 830 equal pay certificates issued January 1, 2022, to December 31, 2023: 1,071 equal pay certificates issued

The Minnesota Department of Human Rights is authorized under Minnesota Statutes, Chapter 363A <https://www.revisor.mn.gov/statutes/cite/363A>.

Ban the Box for Private Employers and MDHR's jurisdiction is authorized under Minnesota Statutes, Chapter 364 <https://www.revisor.mn.gov/statutes/cite/364>.

MDHR's twice annual reports on agency civil rights investigations and resolutions can be found on the agency website at <https://mn.gov/mdhr/news-community/reports/legislative-report.jsp>. MDHR's biennial equal pay certificate compliance report can be found on the agency website at <https://mn.gov/mdhr/news-community/reports/equal-pay-report.jsp>.

Human Rights

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

1000 - General	5,147	5,497	7,308	9,097	8,884	8,884	9,039	9,198
2000 - Restrict Misc Special Revenue	469	401	0	359	356	363	356	363
2001 - Other Misc Special Revenue	61							
3015 - ARP-State Fiscal Recovery	297	443						
Total	5,974	6,341	7,308	9,456	9,240	9,247	9,395	9,561
Biennial Change				4,449		1,723		2,192
Biennial % Change				36		10		13
Governor's Change from Base								469
Governor's % Change from Base								3

Expenditures by Program

Human Rights Enforcement	5,974	6,341	7,308	9,456	9,240	9,247	9,395	9,561
Total	5,974	6,341	7,308	9,456	9,240	9,247	9,395	9,561

Expenditures by Category

Compensation	4,500	4,571	5,575	6,800	6,951	7,126	7,106	7,440
Operating Expenses	1,467	1,726	1,724	2,606	2,283	2,115	2,283	2,115
Capital Outlay-Real Property	1	3						
Other Financial Transaction	6	41	9	50	6	6	6	6
Total	5,974	6,341	7,308	9,456	9,240	9,247	9,395	9,561

Full-Time Equivalents

45.31	45.60	49.61	58.10	57.00	57.00	57.00	57.00
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Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		386		704				
Direct Appropriation	5,433	5,530	8,017	8,398	8,889	8,889	9,044	9,203
Transfers Out	24	327	5	5	5	5	5	5
Cancellations		92						
Balance Forward Out	262		704					
Expenditures	5,147	5,497	7,308	9,097	8,884	8,884	9,039	9,198
Biennial Change in Expenditures				5,761		1,363		1,832
Biennial % Change in Expenditures				54		8		11
Governor's Change from Base								469
Governor's % Change from Base								3
Full-Time Equivalents	42.05	42.16	49.59	55.15	54.05	54.05	54.05	54.05

2000 - Restrict Misc Special Revenue

Balance Forward In	817	1,094	1,401	1,979	2,129	2,282	2,129	2,282
Receipts	744	707	578	509	509	509	509	509
Balance Forward Out	1,091	1,400	1,979	2,129	2,282	2,428	2,282	2,428
Expenditures	469	401	0	359	356	363	356	363
Biennial Change in Expenditures				(511)		360		360
Biennial % Change in Expenditures				(59)		100		100
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.26	2.91		2.95	2.95	2.95	2.95	2.95

2001 - Other Misc Special Revenue

Balance Forward In	20	2						
Receipts	44							
Transfers Out		2						
Balance Forward Out	2							
Expenditures	61							
Biennial Change in Expenditures				(61)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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2403 - Gift

Balance Forward In	18	26	0					
Receipts	8							
Transfers Out		25						
Balance Forward Out	26	0	0					

3015 - ARP-State Fiscal Recovery

Balance Forward In		446						
Direct Appropriation	500							
Cancellations		3						
Balance Forward Out	203							
Expenditures	297	443						
Biennial Change in Expenditures				(740)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.53	0.02					

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	8,429	8,429	8,429	16,858
Base Adjustments				
All Other One-Time Appropriations		(20)	(20)	(40)
Current Law Base Change		500	500	1,000
Allocated Reduction	(31)	(31)	(31)	(62)
Minnesota Paid Leave Allocation		11	11	22
Forecast Base	8,398	8,889	8,889	17,778
Change Items				
Operating Adjustment		155	314	469
Total Governor's Recommendations	8,398	9,044	9,203	18,247
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	359	356	363	719
Forecast Base	359	356	363	719
Total Governor's Recommendations	359	356	363	719
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	509	509	509	1,018
Total Governor's Recommendations	509	509	509	1,018

Minnesota Department of Human Rights

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	155	314	314	314
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	155	314	314	314
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$155 thousand in FY 2026 and \$314 thousand in each subsequent year from the general fund to help address operating cost increases at the Minnesota Department of Human Rights (MDHR).

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Department of Human Rights, the following efficiencies have been implemented to help offset rising operating costs:

- **Optimizing Technology to Improve Efficiency** – Over the past biennium, MDHR has continued to deepen its collaborative partnership with Minnesota IT Services (MNIT) in developing a team of IT specialists to help the department transform critical systems to improve overall effectiveness and efficiency. For example, interagency specialists have been working diligently to develop and debut a “contractor portal,” that will make it easier for businesses contracting with the state to apply for the Workforce and Equal Pay certificates and submit regular reports required by statute. The in-house expertise cultivated through this partnership has allowed MDHR-MNIT staff to proactively make needed changes to the department’s case management system and other critical platforms, while also helping to eliminate the need for costly third-party services.
- **Volunteer Mediation Program** – MDHR’s mediation program (Alternative Dispute Resolution, or “ADR”) offers parties an opportunity to broaden perspectives and repair relationships by helping negotiate a mutually agreeable path forward. Over the biennium, MDHR utilized investments made in 2023 to improve the efficiency and effectiveness of the department’s mediation program by recruiting, training, and scheduling volunteer mediators to mediate cases. The department’s mediation program allows parties the opportunity to resolve their issue in a positive way, early in the process. This offsets costs by avoiding an investigation entirely as well as any possible litigation, which can be costly.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program’s ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Department of Human Rights, this funding will help cover expected growth in employee compensation and insurance, rents, IT services, and other operating costs.

Dollars in Thousands

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund	-	155	314	469	314	314	628

Results:

This recommendation is intended to help the Department of Human Rights address rising cost pressures and mitigate impacts to current levels of service and information to the public.