

Governor's budget overview

Commissioner Roslyn Robertson

February 2021

Agency operating areas

*DLI's **MISSION** is to ensure Minnesota's work and living environments are equitable, healthy and safe.*

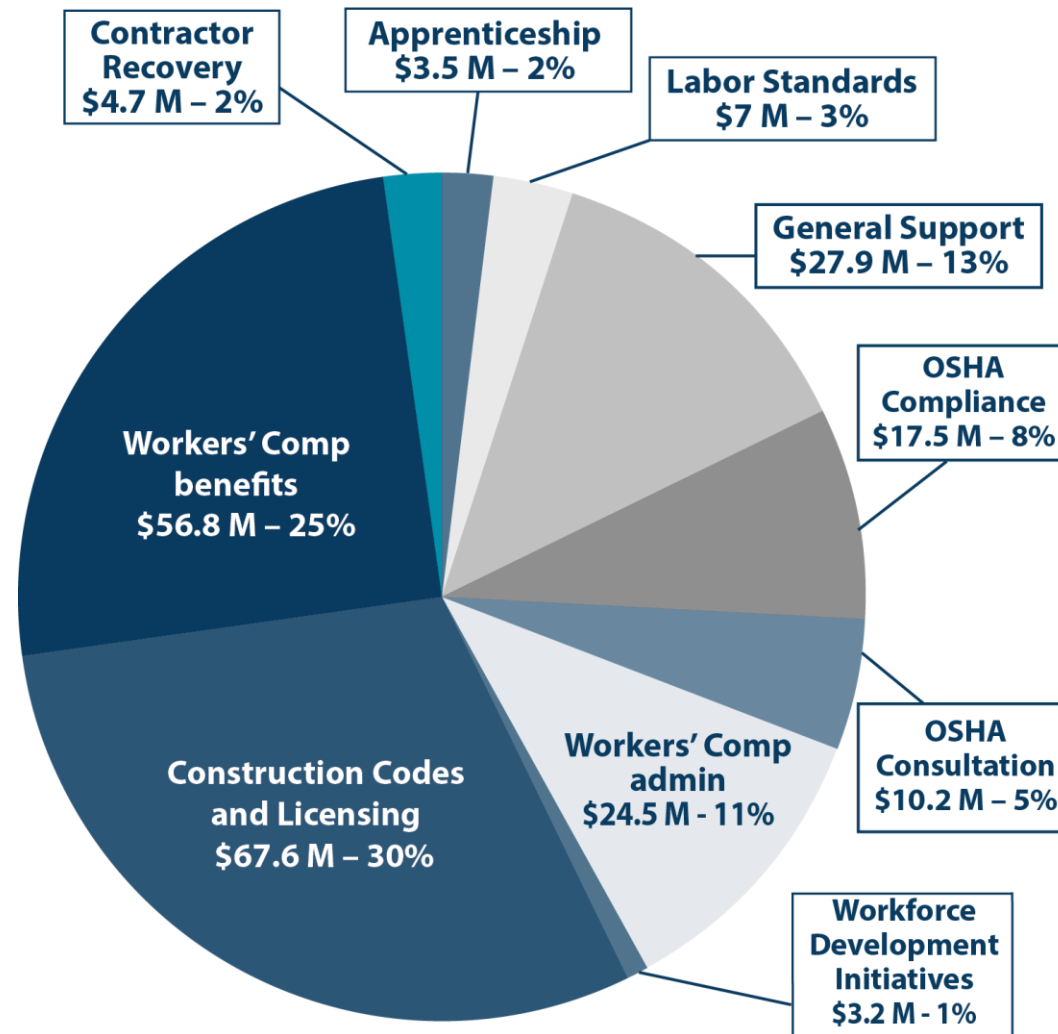
*DLI's **VISION** is to be a trusted resource and an impartial regulator for employers, employees, property owners and other stakeholders.*

DLI operating areas:

- Workers' Compensation
- Occupational Safety and Health (OSHA)
- Labor Standards
- Apprenticeship
- Construction Codes and Licensing
- Pipeline Program
- Youth Skills Training
- General Support



Base budget FY2022-23



**Biennial Total:
\$223 M**

MINNESOTA'S



COVID-19 RECOVERY BUDGET



2022-2023 BUDGET RECOMMENDATIONS

Budget change items

Change item	Biennial change (\$ in thousands)
Minnesota OSHA operating adjustment	\$1,806
Minnesota OSHA federal penalty conformance	(\$232)
General Fund operating adjustment	\$152
Construction code fee reduction extension	\$4,500
Contractor Recovery Fund	\$492
Improving rights to unpaid leave and pregnancy accommodations	\$118
Supporting nursing and lactating mothers	\$118
Emergency paid sick leave for health care providers	\$0
Climate Sub-cabinet: Commercial Energy Code improvements	\$145
Dual Training Grant transfer from OHE	\$0
Information technology modernization reduction	(\$848)
Paid family and medical leave insurance	\$1,046
Agency total	\$7,297

Minnesota OSHA operating adjustment

The governor recommends \$1.806 million in FY22-23 for an operating increase for Minnesota OSHA (MNOSHA) to increase the number of safety and health investigators.

This operating increase will help ensure MNOSHA can respond promptly to complaints, conduct inspections and address workplace safety and health concerns. The funding will enable MNOSHA to maintain its mission to protect workers at private and public worksites within Minnesota and prevent workplace injuries, illnesses and fatalities.

Work Comp Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	903	903	903	903
FTE	9.5	9.5	9.5	9.5

Minnesota OSHA serves all 2.9 million Minnesotans in the workforce and 167,500 employers by ensuring safe and healthy workplaces.

Minnesota OSHA federal penalty conformance

The governor recommends increasing MNOSHA penalties and tying future penalties to inflation.

To be “at least as effective as” federal OSHA, MNOSHA needs to align the penalties it issues to employers that fail to provide safe and healthy workplaces for their workers with federal OSHA penalties. Conformity will ensure continued federal funding and will encourage employers take workplace safety and health violations more seriously and do more to keep workers safe.

Work Comp Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	115	117	119	121
Expenditures	0	0	0	0
FTE	0	0	0	0

Minnesota OSHA serves all 2.9 million Minnesotans in the workforce and 167,500 employers by ensuring safe and healthy workplaces. The increased penalties will encourage compliance with safe workplace practices.

General Fund operating adjustment

The governor recommends \$152,000 in FY22-23 to address increasing cost pressures and allow DLI's Labor Standards to continue to provide employers support about labor law compliance and provide employees information about their rights in the workplace.

Labor Standards will be able to continue education and outreach activities, plus respond to employee complaints and investigate allegations of violations at current service levels.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	51	101	101	101
FTE	0	0	0	0

The Labor Standards unit protects Minnesota's economy by ensuring workers are paid correctly and workplace rights and responsibilities are enforced. In FY19, Labor Standards recovered \$808,161 in final wages for 1,188 workers; collected \$851,345 in back wages for 507 workers; collected \$374,099 in back wages for 503 workers; and collected and distributed \$565,273 in liquidated damages to 110 workers for lost pay.

Extension of CCLD fee reductions

The governor recommends extending fee reductions for licenses, building permits and plan review services saving the construction industry \$4.5 million in FY22 and 23.

The agency's Construction Codes and Licensing Division (CCLD) has been able to reduce the cost of these services due, in part, to increased online and electronic transactions. This proposal will keep fees in line with the cost of providing services.

Construction Code Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	(2,250)	(2,250)	0	0
Expenditures	0	0	0	0
FTE	0	0	0	0

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.

In FY20, CCLD issued or renewed 80,000 personal and business licenses, administered 3,500 license exams, completed 3,100 plan reviews, issued 122,000 construction permits, and performed 190,000 inspections.

Contractor Recovery Fund changes

The governor recommends increasing the frequency of payouts from the agency's Contractor Recovery Fund and the amount of funds available to homeowners who have suffered a financial loss due to a licensed contractor's fraudulent, deceptive or dishonest practices.

It provides for two yearly payouts instead of one and raises the maximum payout limit for each licensed residential building contractor (licensee) from \$300,000 to \$800,000. This will result in an estimated \$246,000 in additional payouts each year to impacted homeowners and more effectively mitigate their financial loss.

Misc. Special Rev Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	246	246	246	246
FTE	0	0	0	0

The 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.

Improving rights to unpaid leave and pregnancy accommodations

The governor recommends extending access to unpaid leave and pregnancy accommodations to workers who don't qualify due to their employer's size or the length of their employment. It supports children and families by ensuring more new parents can take up to 12 weeks off from work to care for a new or adopted child without fear of losing their jobs. It also strengthens Minnesota law to ensure more workers have access to sick leave and can receive needed pregnancy accommodations in the workplace, such as more frequent restroom, food and water breaks.

Additional funding would include \$84,000 in FY 2022 for outreach and education of employers and employees about the law changes and \$34,000 ongoing for enforcement and compliance activities.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	84	34	34	34
FTE	0.25	0.25	0.25	0.25

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

Supporting nursing and lactating mothers

The governor recommends requiring paid break time for women to pump breast milk at work. It supports children and families by ensuring employees who choose to breastfeed can continue to do so upon returning to work. Women should not have to make the difficult choice between getting paid or pumping. Breastfeeding directly supports a healthy start in life for the next generation.

Additional funding would include \$84,000 in FY 2022 for outreach and education of employers and employees and \$34,000 ongoing for enforcement and compliance activities.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	84	34	34	34
FTE	0.25	0.25	0.25	0.25

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Emergency paid sick leave for health care providers

The governor recommends requiring employers provide up to 80 hours of paid time off to health care providers for qualifying reasons related to COVID-19. It would support health care providers who may lack emergency paid sick time or have exhausted their accrued time off due to multiple quarantines.

Access to emergency paid sick leave during the COVID-19 pandemic will improve economic security for these workers and positively impact public health by keeping ill or at-risk employees out of the workplace.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	0	0	0	0
FTE	0	0	0	0

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Climate Change Subcabinet Commercial Energy Code improvements

The governor recommends \$145,000 to institute an adoption framework for the statewide commercial building energy code that ensures all new commercial and large multi-family construction is net-zero by 2036.

Since 2005, greenhouse gas emissions in the commercial building sector have increased by 15%, partially driven by higher heating and cooling demands caused by a changing climate.

Construction Code Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	0	145	0	0
FTE	0	0	0	0

As part of Gov. Tim Walz’s Climate Change Subcabinet, DLI and Commerce convened a workgroup in the fall 2019 and spring 2020 that included stakeholders from the construction industry, local governments, environmental advocates, housing, business, labor, and legislature to evaluate policy options that would improve energy efficiency in commercial and multi-family buildings.

Dual Training Competency Grants transfer

The governor recommends appropriating the \$200,000 for the Dual Training Competency Grant program directly to DLI instead of to the Office of Higher Education, which then transfers the funds to DLI.

The grants fund the related instruction component of the Minnesota Dual-Training Pipeline program, which supports employers in creating competency based dual-training models where workers receive a combination of related instruction paired with on-the-job training. This proposal improves government operations by appropriating funds to the agency that uses them. The net financial impact to the general fund is zero dollars.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	0	0	0	0
FTE	0	0	0	0

The Minnesota Dual-Training Pipeline (Private Investment, Public Education, Labor and Industry Experience) supports the growth and development of employment-based dual-training programs in advanced manufacturing, agriculture, health care services and information technology. Dual-training programs combine related instruction, resulting in the completion of a degree, certificate or industry recognized credential, with competency based on the-job training to benefit Minnesota workers and their employers.

Information technology modernization reductions

The governor recommends reducing the information technology modernization appropriation by \$848,000 over the course of two fiscal years. DLI received \$2.8 million in modernization funds between FY2020 and FY2023 to update agency applications running on aged technology that will run out of vendor support beginning in January 2021. DLI and Minnesota IT Services (MNIT) have experienced delays in identifying new software solutions and will have difficulty expending the original \$2.8 million by the end of FY23.

DLI will not be able to fully modernize all software applications with the remaining funds but will be able to continue modernization of priority applications, increasing transparency and decreasing transaction time for stakeholders interacting with the agency.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	(424)	(424)	0	0
FTE	0	0	0	0

DLI received information technology modernization funds to replace outdated platforms, many of which will run out of vendor support beginning January 2021. Operating DLI business processes on unsupported applications could increase cybersecurity vulnerabilities and overtime will negatively impact service delivery.

Paid family and medical leave insurance

The governor recommends a comprehensive paid family and medical leave program that will provide Minnesotans the economic stability and economy-boosting effects of keeping people employed while welcoming a new family member, caring for a sick loved one, or recovering from an illness or injury.

Additional funding would include \$1.046 million in FY22-23 for DLI for oversight and compliance costs related to the program and information technology systems upgrades.

General Fund \$ in thousands	FY22	FY23	FY24	FY25
Revenue	0	0	0	0
Expenditures	(424)	(424)	0	0
FTE	0	0	0	0

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

Thank you!