

HF9051 - 0 - Weatherization

Chief Author: **Robert Bierman**  
 Committee: **Climate And Energy Finance And Policy**  
 Date Completed: **3/4/2022 1:28:42 PM**  
 Lead Agency: **Commerce Dept**  
 Other Agencies:  
     Labor and Industry Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Labor and Industry Dept</b>						
<b>Workforce Development</b>	-	-	121	121	121	
<b>State Total</b>						
<b>Workforce Development</b>	-	-	121	121	121	
	<b>Total</b>	-	-	<b>121</b>	<b>121</b>	<b>121</b>
	<b>Biennial Total</b>			<b>121</b>		<b>242</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	FY2021	FY2022	FY2023	FY2024	FY2025	
<b>Labor and Industry Dept</b>						
Workforce Development	-	-	1	1	1	
	<b>Total</b>	-	-	<b>1</b>	<b>1</b>	<b>1</b>

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Labor and Industry Dept</b>						
Workforce Development		-	-	121	121	121
<b>Total</b>		-	-	<b>121</b>	<b>121</b>	<b>121</b>
<b>Biennial Total</b>				<b>121</b>		<b>242</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Labor and Industry Dept						
Workforce Development		-	-	121	121	121
<b>Total</b>		-	-	<b>121</b>	<b>121</b>	<b>121</b>
<b>Biennial Total</b>				<b>121</b>		<b>242</b>
<b>2 - Revenues, Transfers In*</b>						
Labor and Industry Dept						
Workforce Development		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Darren Sheets    **Date:** 3/4/2022 1:28:07 PM  
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	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

House File 9051 makes clean energy occupations eligible for dual-training programs; establishes a weatherization apprenticeship grant program; specifies the uses of supplementary state weatherization grants; and makes appropriations.

**Section 1.** Amends Minn. Stat. §175.45, the dual-training program within the Department of Labor and Industry to include “clean energy.”

**Section 2.** Defines clean energy, competency standards, and dual-training program.

**Section 3.** Amends Minn. Stat. §216C.264, subd. 5, expanding the use of supplementary state grants to:

- 1) address physical deficiencies that cause weatherization deferrals,
- 2) allow for pre-weatherization measures,
- 3) to increase the number of households receiving weatherization,
- 4) to conduct outreach,
- 5) to enable more multi-family projects,
- 6) to address worker shortages, including expanding training opportunities,
- 7) to support operations of the programs,
- 8) pay labor costs, and
- 9) incentivize the increased production of weatherized units.

**Section 4.** Establishes a weatherization apprenticeship grant program within the Department of Commerce (Commerce).

**Subd. 1.** Establishes the grants program for employers to assist with the costs associated with developing apprenticeship programs for careers in the weatherization industry.

**Subd 2.** Prescribes how grants are to be awarded through a competitive grant process:

- To be awarded through a written application as developed by Commerce
- To be no more than \$5,000/apprentice
- Funds must be used to pay costs associated with developing apprenticeship programs within the weatherization industry such as supplies, materials, instruction, and infrastructure.
- Must be awarded with preference for applications that
  - o Provide highest quality training
  - o Where funds are most greatly leveraged with nonstate and in-kind contributions.

**Subd. 3.** Requires Commerce to submit an annual report on the use of grant funds, including the number of apprenticeships created and career progress of apprentices supported by prior grants.

**Section 5.** Appropriates a not specified amount of funding for supplemental state weatherization funding. It further appropriates not specified amount to be transferred to a dual training account within the Department of Labor and Industry for the funding of training competency grants as defined in §136.246 Dual Training Competency Grants.

### **Assumptions**

Commerce assumes that the Department of Labor and Industry would be responsible for the development and implementation of the apprenticeship training program.

Commerce assumes it would be responsible for the implementation of all supplemental state weatherization funding.

Commerce assumes that, unless defined otherwise in this language, US Department of Energy administration requirements would be utilized (e.g. Standard Work Specifications, administrative allowances, Certification Requirements, etc.).

### **Expenditure and/or Revenue Formula**

A full expenditure formula cannot be developed until an appropriation amount is defined. Considerations for that development include:

- the size of the program and associated monitoring requirements (5% of all completed units)
- additional policy development/administrative activities
- in-network training responsibilities, and
- additional oversight responsibilities.

Included in this bill are the following uses of funds:

- 1) address physical deficiencies that cause weatherization deferrals,
- 2) allow for pre-weatherization measures,
- 3) to increase the number of households receiving weatherization,
- 4) to conduct outreach,
- 5) to enable more multi-family projects,

- 6) to address worker shortages, including expanding training opportunities,
- 7) to support operations of the programs,
- 8) pay labor costs, and
- 9) incentivize the increased production of weatherized units.

The MN WAP program currently provides some of these services within the program. However, setting up additional grant programs, incentives, and new measures will take additional staff or contracting services to be determined once the level of funding is identified.

### **Long-Term Fiscal Considerations**

Based on the American Recovery and Reinvestment Act (ARRA) experience, Commerce assumes any funding with a near-term cut-off date may negatively impact the ability to develop a solid contractor/worker pool as apprentices may be unable to complete training and enter the workforce before funding expires.

### **Local Fiscal Impact**

### **References/Sources**

#### **Agency Contact:**

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 Agency: **Labor and Industry Dept**

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Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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<b>Total</b>	-	-	<b>121</b>	<b>121</b>	<b>121</b>	<b>121</b>
<b>Biennial Total</b>			<b>121</b>			<b>242</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Workforce Development	-	-	1	1	1
<b>Total</b>	-	-	<b>1</b>	<b>1</b>	<b>1</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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<b>Total</b>	-	-	<b>121</b>	<b>121</b>	<b>121</b>	
<b>Biennial Total</b>			<b>121</b>			<b>242</b>
<b>2 - Revenues, Transfers In*</b>						
Workforce Development	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-			-

**Bill Description**

The bill makes clean energy occupations eligible for dual-training programs and establishes a new weatherization apprenticeship grant program.

The bill would change Minnesota Dual-Training Pipeline by adding ‘clean energy’ as a new fifth industry to the approved industries of the program and provides a blank appropriation to the Office of Higher Education for the purposes of funding dual training competency grants to train employees in energy efficiency occupations. (Minnesota Statutes 136A.246).

The bill defines the ‘clean energy’ industry to be for renewable energy, energy storage systems and for the installation of materials, measures, or devices in a building that result in a net reduction in the amount of energy used to heat the building.

The bill creates a new weatherization apprenticeship grant program which offers up to \$5,000 per apprentice to eligible employers to pay for apprenticeship-related supplies, materials, instruction, and infrastructure. The bill requires the Commissioner of the Department of Labor and Industry (DLI) to consult with the Commissioner of Commerce as the Department of Commerce establishes the weatherization apprenticeship grant program. It also requires annual submission of a report to the legislature about the grant program beginning January 15, 2024.

**Assumptions**

**Dual-Training Program Development**

DLI would receive funding in each year of the biennium for occupational competency model development and dual-training program consulting and technical assistance. This work allows for the creation of new occupational competency models and offer new areas for technical assistance, as clean energy would be a new statutorily allowed industry of the Minnesota Dual-Training Pipeline. Existing industries include advanced manufacturing, agriculture, health care, and information technology (175.45). The purpose is to leverage the occupational competency model development and consultative skills of the Minnesota Dual-Training Pipeline Program staff to support employers in building their own dual-training programs.

DLI estimates a need for a 1.0 FTE State Program Admin Sr. (MAPE 10L) each year dedicated to the creation, development, and administration of adding the clean energy industry to dual-training pipeline. This position will be needed to reach out to and convene industry experts, representative employers, higher education institutions, representatives of the disabled community, and representatives of labor to assist in identifying credible competency standards. This position will also be responsible for researching identified occupations, drafting occupational competency models, extensively soliciting feedback on the occupational competency model, developing an inventory of related instruction for the dual



training, convening industry representatives for regular updates and guidance related to occupations in the new clean energy industry for Minnesota Dual-Training Pipeline. DLI will also have to build and/or expand on connections with training programs and higher education institutions that already exist for clean energy occupations to ensure that relevant related instruction is available for dual training in clean energy occupations.

**Apprenticeship Grant Program**

DLI assumes the weatherization apprenticeship grant program is not a registered apprenticeship program under the jurisdiction of DLI’s Apprenticeship Division and therefore will be developed and implemented by the Department of Commerce and not DLI.

DLI assumes consultation will include assisting with identifying apprenticeship programs for careers in the weatherization industry and identifying what qualifies as high-quality training to potential apprentices to prepare them for in-demand careers, as well as consultation on the competitive grant process. DLI estimates that consultation with the Commissioner of Commerce to establish its weatherization apprenticeship grant program will use approximately 20 hours of a DLI Apprenticeship manager, which is immaterial and considered other duties assigned.

**Expenditure and/or Revenue Formula**

State Program Admin Sr - MAPE 10L	2022	2023	2024	2025
FTE	0	1.0	1.0	1.0
Salary per FTE (Midpoint)	0	64,728	64,728	64,728
Fringe Benefits (35% of Salary)	0	22,655	22,655	22,655
Indirect (22.50% of Salary/Fringe)	0	19,661	19,661	19,661
Salary/Fringe/Indirect	0	107,044	107,044	107,044
Non-Personnel Services	0	13,183	13,183	13,183
Cumulative Cost	0	120,227	120,227	120,227

**Long-Term Fiscal Considerations**

The most time and energy consuming portion of the dual-training pipeline work happens in the initial convening and development of the programs for a new clean energy industry. Come 2026, it is possible DLI will be positioned to roll this work into the existing staff.

**Local Fiscal Impact**

**References/Sources**

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