

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Nursing Home Workforce Standards Board Rules (AD-91)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5	1	3,266	11,745
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	1	3,266	11,745
FTEs	0	0	0	0

Recommendation:

The Governor recommends investments of \$6,000 in the FY26-27 biennium and \$15.11 million in the FY28-29 biennium to implement the proposed standards by the Nursing Home Workforce Standards Board. These standards include requiring holiday pay for 11 specified holidays, along with wage floors that go into effect for all nursing home employees on January 1, 2026, and then increase on January 1, 2027.

Rationale/Background:

During the 2023 legislative session, the legislature passed and the Governor signed legislation creating a Nursing Home Workforce Standards Board (Minnesota Statutes 181.212-181.214¹). This Board has the statutory authority to set standards industry-wide for all nursing home employees, including in areas of training requirements, safety, and wages or benefits. The Board spent a considerable portion of 2023 and the first half of 2024 developing standards, as statute suggested the inaugural standards must be effective January 1, 2025. However, standards may not go into effect if it is determined the standards will exceed forecasted spending in Medical Assistance.

In April 2024, the Department of Human Services was asked to produce fiscal estimates for the proposed standards and determined there would be an increase in Medical Assistance spending for FY28-29. This means proposed standards cannot go into effect unless the Legislature approves the new spending.

Proposal:

This proposal has two components:

- The cost to Medical Assistance to implement the Standards.
- MNIT costs to collect and analyze granular employee wage data to assist the Board in future standards assessments.

Cost to Medical Assistance

The bulk of these costs from the Medical Assistance program. This cost is incurred from the proposed wage floors in 2026 and 2027. The state share cost to Medical Assistance to implement the standards is \$3.27 million in FY28 and \$11.75 million in FY29.

¹ <https://www.revisor.mn.gov/statutes/cite/181>

The proposed wage floors for January 1, 2026, include:

- \$27 an hour for Licensed Practical Nurses (LPNs)
- \$23.50 an hour for Trained Medication Aides (TMAs)
- \$22.50 an hour for Certified Nursing Assistants (CNAs)
- \$19 an hour for all other professions

The proposed wage floors increase on January 1, 2027, include:

- \$28.50 an hour for LPNs
- \$25 an hour for TMAs
- \$24 an hour for CNAs
- \$20.50 an hour for all other professions

MNIT Systems Costs

The Department utilized 2023 wage data from the Nursing Home Workforce Incentive Fund to inform the fiscal analysis of these proposed standards. However, this was a one-time snapshot in time and required manual spreadsheets from individual facilities. This portion of the proposal is to provide systems resources to MNIT to add this information to the cost reporting system to save time for both agency staff and nursing facilities. This will make future standards fiscal analysis more efficient.

Interactive Effect with Other Nursing Home Changes in Governor's Recommendations

This proposal also includes interactive impacts as a result of other proposals in the Governor's budget related to nursing home payments.

Impact on Children and Families:

This proposal does not have a direct impact on children and families.

Equity and Inclusion:

This proposal will raise wages for nursing home employees, who are disproportionately women and individuals from the Black, Indigenous, People of Color (BIPOC) community.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

There is a county share to nursing home rates of 1.15 percent and this proposal would impact this share. This translates to a total cost of \$76,000 in FY28 and grows to \$272,000 in FY29.

IT Costs

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts						
Infrastructure	5,000	1,000	1,000	1,000	1,000	1,000
Hardware						
Software						

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	5,000	1,000	1,000	1,000	1,000	1,000
MNIT FTEs						
Agency FTEs						

Results:

Part A: Performance Measures

The primary positive outcome associated with base wage increase and holiday pay for nursing home staff would be in alleviation of workforce shortage stressors and potential increase in employee retention through increased workplace satisfaction. When nursing facilities have to rely upon agency pool staff to complete their coverages, quality ratings may decline at the facility level and individuals being served may experience less consistency in care. Based on the reporting year ending in September 2023, the use of agency staff for direct care workers in MN was 11.13%. The Nursing Home Workforce Standards Board surveyed workers and concluded the following results:

“In [the Board’s] survey of workers, paid holidays tied with health insurance as priorities for increasing the health and welfare of nursing home workers (38.6% workers named it as a priority) after a raise in pay (100%) and pensions or retirement plan (47.1%). The board responded to this by establishing holiday pay standards in Minnesota Rules 5200.2010, which sets a minimum-pay standard that nursing home workers are paid time-and-a-half their hourly wage if they work on the 11 state holidays observed in Minnesota, pursuant to Minn. Stat. 645.44, subd. 5(a).” (Source, Minnesota Dept of Labor and Industry https://www.dli.mn.gov/sites/default/files/pdf/nhwsb_annual_report_2024_120424.pdf)

Measure	Measure Type	Data Source	Most recent data	Projected change
Retention of Care-related staff in nursing homes	Quantity	Quantitative retention data reported to DHS on the cost report	Statewide average retention rate for the year ending 9/1/23 was 68.55%.	Increased wages and holiday pay could have the impact of increased retention in future years.
Holiday pay and rate floors as workforce recruitment effort	Quality	NHWSB Survey ¹	38.6% of workers surveyed identified holiday pay as a top priority; 100% identified increased wages as a top priority.	Potential for increased workplace satisfaction for impacted nursing home staff
Nursing home quality ratings	Result	Nursing Home Report Card ²	Vary by facility	Increased satisfaction in quality of care is expected

¹ https://www.dli.mn.gov/sites/default/files/pdf/nhwsb_annual_report_2024_120424.pdf

² <https://nhreportcard.dhs.mn.gov/>

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

DHS has not identified any evidence-based practices that will be supported by the proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	5	1	6	3,266	11,745	15,011
HCAF						
Federal TANF						
Other Fund						
Total All Funds	5	1	6	3,266	11,745	15,010

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	Elderly Manage Care	0	0	0	102	324	427
GF	33 LF	MA NF Pymnt Sys changes	0	0	0	1,379	4,260	5,638
GF	11	Systems	5	1	6	1	1	2
GF	33 LF	Interactivity with Other Gov's Rec (AD-50) Elderly Managed Care	0	0	0	123	507	630
GF	33	Interactivity with Other Gov's Rec (AD-50) MA NF Pymnt Sys changes	0	0	0	1,661	6,653	8,314

		Requested FTEs						
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29

1.1 **Nursing Home Workforce Standards Board**

1.2 **Adopted Expedited Permanent Rules Establishing Minimum Nursing Home Wage**
1.3 **Standards**

1.4 **5200.2060 DEFINITIONS.**

1.5 Subpart 1. **Scope.** Unless otherwise defined in this part, the terms used in parts
1.6 5200.2060 to 5200.2090 have the meanings given in Minnesota Statutes, section 181.211.

1.7 Subp. 2. **Certified nursing assistant.** "Certified nursing assistant" means a person
1.8 who has received training and provides or assists in the provision of nursing or
1.9 nursing-related services in a nursing home consistent with the requirements under Minnesota
1.10 Statutes, section 144A.61.

1.11 Subp. 3. **Licensed practical nurse.** "Licensed practical nurse" means a person who
1.12 engages in the practice of practical nursing, as defined in Minnesota Statutes, section 148.171,
1.13 subdivision 14, in a nursing home.

1.14 Subp. 4. **Trained medication aide.** "Trained medication aide" means a person who
1.15 has received training and administers medications in a nursing home consistent with the
1.16 requirements under part 4658.1360.

1.17 **5200.2070 APPLICABILITY.**

1.18 Subpart 1. **Statewide minimum wage standards.** The wage standards for nursing
1.19 home workers under parts 5200.2080 and 5200.2090 apply statewide.

1.20 Subp. 2. **Appropriation required.** The wage standards under parts 5200.2080 and
1.21 5200.2090 are not effective until:

1.22 A. the legislature provides an appropriation, as determined by Minnesota Statutes,
1.23 sections 256R.21 and 256R.25, sufficient to cover the necessary rate increase; and

1.24 B. federal approval of the rate increase is obtained.

2.1 Subp. 3. **Modified implementation date.** Unless federal approval of the rate increase
2.2 under subpart 2 is obtained by December 1, 2025, the wage standards under parts 5200.2080
2.3 and 5200.2090 shall become effective 30 days after federal approval of the rate increase is
2.4 obtained.

2.5 **5200.2080 GENERAL WAGE STANDARDS.**

2.6 Beginning January 1, 2026, the minimum wage for all nursing home workers is \$19
2.7 per hour. Beginning January 1, 2027, the minimum wage for all nursing home workers is
2.8 \$20.50 per hour.

2.9 **5200.2090 WAGE STANDARDS FOR CERTAIN OCCUPATIONS.**

2.10 Notwithstanding the statewide minimum wage established in part 5200.2080, the
2.11 minimum wage for certified nursing assistants, trained medication aides, and licensed
2.12 practical nurses is:

2.13 A. Beginning January 1, 2026, the minimum wage for certified nursing assistants
2.14 is \$22.50 per hour. Beginning January 1, 2027, the minimum wage for certified nursing
2.15 assistants is \$24 per hour.

2.16 B. Beginning January 1, 2026, the minimum wage for trained medication aides
2.17 is \$23.50 per hour. Beginning January 1, 2027, the minimum wage for trained medication
2.18 aides is \$25 per hour.

2.19 C. Beginning January 1, 2026, the minimum wage for licensed practical nurses
2.20 is \$27 per hour. Beginning January 1, 2027, the minimum wage for licensed practical nurses
2.21 is \$28.50 per hour.

April 1, 2025

Chair Mohamud Noor
5th Floor Centennial Office Building
St. Paul, MN 55155

Dear Chair Noor:

As unions that represent nursing home workers across the state, we write to support HF2319 which would fund the minimum wage rule from the Nursing Home Workforce Standards Board (NHWSB). The nursing home sector faces a workforce crisis that long pre-dates the COVID-19 pandemic. This crisis will not be solved unless we provide for a broad-based increase in basic wages and benefits. By providing for time-and-a-half on holidays and setting industry wide minimum wages, the Board is already taking steps to lift worker wages and draw more workers into the industry. Now we need the Legislature to confirm the funding for the minimum wage rule.

Higher wages and benefits like these only happen when we give workers a seat at the table and the ability to help set minimum standards for their industry. We think this crisis has been caused in part by the lack of adequate opportunities for workers to have a say in setting industry workforce standards. In 2022, the Minnesota AFL-CIO adopted a convention resolution in support of Labor Standards Boards. By establishing the Nursing Home Workforce Standards Board, Minnesota took a nationally recognized role to give more workers a greater voice over their standards of work. Simply adding new money to the current system won't produce the systemic changes we need to fix the problem. Creating the Board with the power to set standards gave workers the tools they needed to help fix their industry.

Members from all of our unions joined non-union nursing home workers in the robust public input process that the Board used to adopt its new standards. Workers around the state strongly supported the idea of a higher minimum wages. Please vote yes on this bill.

Sincerely yours,

AFSCME Council 5
AFSCME Council 65
SEIU Healthcare MN & IA
UFCW Local 1189
USW District 11