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2016-17 Governor's Budget, Human Rights, Department of

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

AT A GLANCE

- The Minnesota Department of Human Rights investigates discrimination complaints, ensures equal employment opportunities on state contracts, and facilitates education and dialogue on eliminating discrimination and disparate treatment.
- In 2013, MDHR completed 790 discrimination investigations, which is more than any two year period in the last 20 years.
- In the last 18 months, MDHR has closed 272 more cases than it opened and is making significant progress in reducing its inventory of cases.
- In 2013, MDHR increased the number of contract compliance audits by 251%, from 61 to 150.
- 80% of workforce certificates were issued by MDHR in three days or less.

PURPOSE

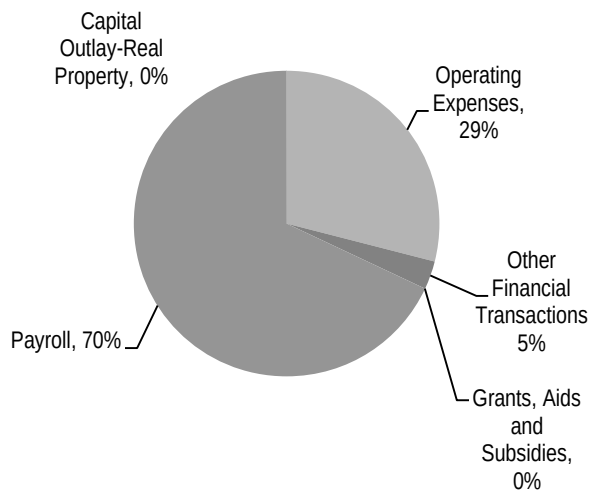
The mission of the Minnesota Department of Human Rights ("MDHR" or the "Department") is to eliminate discrimination in education, employment, housing and real property, in public accommodations and in the delivery of public services. Discrimination threatens the rights and privileges of the citizens of the state and menaces the institutions and foundations of our democracy. The opportunity to obtain employment, housing, and other real estate and full and equal utilization of public accommodations, public services and educational institutions without discrimination are civil rights under Minnesota law.

MDHR supports the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals
- People in Minnesota are safe

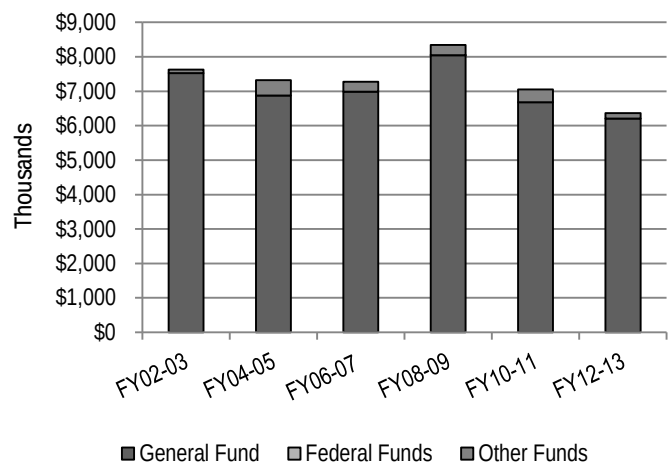
BUDGET

Spending by Category
FY 13 Actual



Source: SWIFT

Historical Spending



Source: Consolidated Fund Statement
*All figures in 1,000's

The Department's budget primarily comes from the State's General Fund with a small amount of additional revenue generated from issuing certificates to contractors. The Department returns approximately \$500,000 annually to the general fund under its work share agreement with the Equal Employment Opportunity Commission (EEOC). The majority of the Department's expenses (80%) are spent on payroll, rent and IT expenses.

STRATEGIES

The work of the Department falls into three broad areas:

- **Investigate Claims of Discrimination and Disparate Impact** - The Department, for several decades, has been responsible for drafting complaints, investigating complaints, and drafting determinations as to whether probable cause exists that discrimination has occurred. On January 1, 2014, the Department became responsible for enforcing the Private Employer Ban-the-Box law. The law limits the timing of when an employer can request criminal background information from a job applicant.
- **Ensure Equal Employment Opportunity with State Contractors** - The Department issues workforce certificates of compliance to large state contract vendors and ensures that such vendors comply with federal and state equal employment opportunity laws. The Department monitors the good faith efforts of state contract vendors with a workforce certificate to implement equal employment opportunity. On August 1, 2014, the Department became responsible for issuing equal pay certificates of compliance to large state contract vendors and for ensuring that such vendors comply with federal and state equal pay and anti-discrimination laws.
- **Facilitate Education & Dialogue to Eliminate Discriminatory Practices & Disparate Treatment** - The Department facilitates conversations between Minnesotans to find solutions to overt and subtle discriminatory practices that frustrate individuals as they seek to fully participate in our democracy.

MDHR emphasizes several strategies to deliver its mission and support statewide outcomes. These strategies include:

- Timely investigations of charges of discrimination
- Investigating violations of private ban-the-box law
- Timely responses to workforce and equal pay certificate applications
- Reviewing contract vendor practices to ensure equal employment opportunity, equal pay compliance and non-discriminatory wage and benefit compensation
- Facilitating dialogue among key stakeholders to eliminate discrimination, disparate practices and disparate outcomes

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Investigative Memorandums Completed	429	790	2012 to 2013
Quality	Average Number of Days to Complete a No Probable Cause Determination ¹	336	434	2012 to 2013
Quantity	Total Number of Charges Filed	752	700	2012 to 2013
Quantity	Number of Probable Cause Determinations that the Human Rights Act had been violated	37	58	2012 to 2013
Quality	Workforce Certificate Response Within 15 days	100% ²	100%	2012 to 2013
Quantity	Number of Workforce Compliance Audits	61	150	2012 to 2013

¹ The 2012 figure is artificially low due to Department's now ended practice of administratively dismissing cases without investigation. The average time for the first half of 2014 was 376 days, a 58 day improvement over 2013.

² Figure based on data covering only the latter half of calendar year 2012. The Department was at 100% for FY2013 (July 2012-June 2013).

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	2,834	3,375	3,029	4,287	3,723	3,723	4,677	4,732
2000 - Restricted Misc Special Rev	83	73	168	207	58	58	58	58
Total	2,916	3,448	3,197	4,494	3,781	3,781	4,735	4,790
Biennial Change				1,327		(129)		1,834
Biennial % Change				21		(2)		24
Governor's Change from Base								1,963
Governor's % Change from Base								26

Expenditures by Program

Program: Human Rights Enforcement	2,916	3,448	3,197	4,494	3,781	3,781	4,735	4,790
Total	2,916	3,448	3,197	4,494	3,781	3,781	4,735	4,790

Expenditures by Category

Compensation	2,276	2,345	2,524	3,055	3,039	3,066	3,853	3,935
Operating Expenses	603	999	670	1,425	733	706	873	846
Other Financial Transactions	37	103	3	14	9	9	9	9
Capital Outlay-Real Property	0		0	0	0	0	0	0
Total	2,916	3,448	3,197	4,494	3,781	3,781	4,735	4,790

Full-Time Equivalents

32.0	32.1	33.2	33.2	33.2	33.2	43.2	43.2
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(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		338		266				
Direct Appropriation	3,171	3,430	3,297	4,021	3,723	3,723	4,677	4,732
Net Transfers		(262)	0	0	0	0	0	0
Cancellations		130						
Expenditures	2,834	3,375	3,029	4,287	3,723	3,723	4,677	4,732
Balance Forward Out	337		266					
<i>Biennial Change in Expenditures</i>				1,108		130		2,093
<i>Biennial % Change in Expenditures</i>				18		2		29
<i>Gov's Exp Change from Base</i>								1,963
<i>Gov's Exp % Change from Base</i>								26
FTEs	30.9	31.2	31.7	31.6	31.6	31.6	41.6	41.6

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	418	506	477	645	655	720	655	720
Receipts	166	65	336	218	123	115	123	115
Net Transfers		(23)						
Expenditures	83	73	168	207	58	58	58	58
Balance Forward Out	501	474	645	655	720	777	720	777
<i>Biennial Change in Expenditures</i>				220		(259)		(259)
<i>Biennial % Change in Expenditures</i>				141		(69)		(69)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.1	0.9	1.5	1.6	1.6	1.6	1.6	1.6

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	79	79	6	166	10	12	10	12
Receipts	0	514	159	202	202	202	202	202
Net Transfers		(587)		(358)	(200)	(200)	(200)	(200)
Balance Forward Out	79	6	166	10	12	14	12	14

Human Rights

FY16-17 Biennial Budget Change Item

Change Item: Operating Adjustment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	54	109	109	109
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	54	109	109	109
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding for compensation related costs associated with the delivery of agency services. This amount represents an annual increase of 1.8% for General Fund compensation costs.

Rationale/Background:

Each year, compensation costs rise due to labor contract settlements, and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending.

Proposal:

The Governor recommends increasing agencies' general fund budgets for employee wage and benefit costs by 1.8% per year for FY 2016-17. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This recommendation is intended to allow agencies to maintain their current level of agency operations.

For non-General Fund direct appropriated funds, the Governor's budget recommendations also include an adjustment of 1.8% per year, where the amount can be supported by the source of revenue.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

Not applicable.

Human Rights

FY16-17 Biennial Budget Change Item

Change Item: Accelerating Minnesota Department of Human Rights Case Resolution

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	900	900	900	900
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	900	900	900	900
FTEs	10	10	10	10

Recommendation:

The Governor recommends \$900,000 in FY 2016 and \$900,000 in FY 2017 to accelerate the resolution of human rights cases. This proposal represents a 24% increase over the current annual base budget.

Rationale/Background:

Over the past four years the Department has dramatically improved its ability to investigate complaints. Between 2007 and 2010, the Department completed about 265 investigations cases per year. In contrast, the Department completed 790 investigations in 2013 and 891 in 2014. With more investigations being completed, the Department needs to build additional capacity to move cases to final resolution through conciliation. This proposal will create a director- level enforcement position to conduct conciliations and add a legal analyst position to prepare conciliations.

To accomplish its mission, the Department must do more to service refugee and immigrant communities, communities where English is not the primary language, and communities in Minnesota outside the Twin Cities metropolitan area which are experiencing significant ethnic and racial demographic changes. This proposal increases the number of bilingual investigators the Department has working in these communities.

The Department anticipates that it will work closely with the Olmstead Implementation Office (OIO) on alternative dispute resolutions of disability issues. The Department would utilize one legal analyst to serve as the resource to State's School Climate Center to address issues of school bullying. An example of being a resource to the School Climate Center is the work that has been done in drafting the Model School Bullying Policy. The Department, in conjunction with the Department of Education, anticipates providing additional training and educational materials to school districts, parents and students over the next four years.

Proposal:

This budget proposal increases MDHR's capacity to perform its three primary duties under the Minnesota Human Rights Act ("Act"). Specifically, the proposal would expand its efforts in the areas of enforcement, contract compliance and education. The proposal would add 10 FTEs to the Department's current workforce of 40 permanent FTEs. The Department would add the following positions:

- **1 Division Director – Enforcement.** The position would be responsible for supervising the efforts of the Department to investigate charges of discrimination, conciliate cases, and settle probable cause determinations in a timely manner.
- **1 Chief Financial Officer (CFO) –** This position would oversee the Department's finances and supervise finance staff.
- **3 Legal Analyst positions** to assist enforcement efforts and work on conciliations, mediations and dispute resolution. They will also examine, analyze and pursue strategies to address systemic institutional discrimination through education, outreach and enforcement. Two of the positions will assist with providing legal opinions and advice from the Department, requests for which have dramatically increased. These positions will also support the Department's work on the Tribal Consultation Policy and school bullying.
- **3 Enforcement Officers.** These Enforcement Officer positions will be bilingual positions. The Enforcement Officers will attend community events and provide the Department sufficient staffing to allow Enforcement Officers to travel throughout Minnesota. One or two of these positions may be assigned to the Department's St. Cloud Office. The Department will be able to investigate an additional 125 complaints with the three additional positions.

- **2 Administrative Support** positions to support enforcement, contract compliance, and the work of the Department to address systemic institutional discrimination.

Results:

This proposal would expand existing programs within the Department, adding staff to the Department's enforcement unit and administrative support. It will increase the Department's capacity to complete investigations and move cases to final resolution. It will provide increased geographic accessibility to MDHR's services outside of the Twin Cities Area and make departmental resources more accessible to non-English speaking populations.

Statutory Change(s):

No statutory changes required.