2026 Compliance Updates

For 2026, complaints filed by FCF have so far resulted in $82,782 in wage recoveries going to workers who were denied their earned prevailing wages. In addition, FCF is currently tracking 63 open complaints it filed with various enforcement agencies relating to prevailing wage violations, licensing and registration issues, independent contractor misclassification, overtime violations, and wage theft. Thus far in 2026, FCF has filed 34 complaints for probable violations of law.

Some highlights of our 2026 compliance results include:

- In November 2025, FCF filed a complaint against Wolf Track Energy LLC for apparent prevailing wage miscoding and underpayment on a solar installation project for the Duluth Public Schools. This project received state funding from the "Solar for Schools" grant program. This program required payment of prevailing wages and specifies that the majority of work on these projects should be coded as electrician work. In June, FCF received records from DLI indicating that the department recovered $9,772.68 in back wages from Wolf Track Energy for six electricians who performed work on the Duluth Public Schools project. In 2025, DLI also recovered $27,021.91 in back wages from a separate contractor who performed work on a "Solar for Schools" funded project after FCF filed a complaint for apparent prevailing wage violations. These two recoveries are an important reminder of the need to monitor compliance on projects that receive direct grant funding from the state.



- In June, FCF received records from DLI showing the department recovered $4,560.23 in back wages from Thomsen Construction Services LLC for 11 employees performing carpenter, cement mason, and ironworker scopes of work. The wages recovered were for work performed on the Franklin Elementary School additions and renovations project in Anoka. FCF filed a complaint after a review of certified payroll reports revealed apparent labor classification miscoding and underpayment. No violation is too small to warrant attention.

- FCF received records from DLI showing the department recovered $10,432.71 in back wages from Schumacher Excavating, Inc., for work performed on the Oronoco Wastewater Treatment Facility. This project received both federal and state funding, meaning both the federal Davis-Bacon and State of Minnesota prevailing wage rates applied. When there are overlapping rates, contractors must pay the higher of two rates in order to remain in compliance with both. FCF filed a complaint with DLI after a review of certified payrolls indicated the contractor paid employees the lower prevailing wage rate. DLI's investigation enforced Laborers and Equipment Operators' standards.

FCF would like to recognize and thank contractors, business agents, organizers, and workers who bring violations to our attention. We are more effective because of your vigilance.

Thank You - Darrell Lende



In order to monitor and enforce compliance in an entire industry, especially the dynamic construction world, it is essential to have cooperation. Darrell Lende gave FCF and all of the trades an unmatched level of assistance, collaboration and dedication. As the president of the Northwest Building Trades Council and business agent for Local #633 Cement Masons, Plasterers & Shophands, Lende initiated more administrative complaints than any single person. We will miss him. FCF congratulates Lende on his retirement. FCF will continue to work as he did to improve the construction opportunities for our contractors and trades in Northwest Minnesota.



VOTE!

The Minnesota building trades support prevailing wages.

◆

Our next governor will select a labor commissioner to enforce prevailing wages.

◆

The attorney general will represent that commissioner in court.

Fair Contracting Foundation

353 W. 7th Street, Suite 204
St. Paul, MN 55102
www.fcfmn.org

Presorted
First Class
U.S. Postage
PAID
Permit #
St. Paul, MN



Photo Credit: FCF-Vince Muzik

A Flock of Cranes

Cranes fill the sky in downtown Rochester, all part of Mayo Clinic's $5 billion expansion project. Mayo's development will feature five new buildings adding an additional 2.4 million square feet to Mayo Clinic. Construction will continue with completion set for 2030.

Fair Contracting Foundation

©Oct 2026



In April 2025, FCF began producing a monthly update about how the actions of the Trump administration affect the building trades in Minnesota. It provides an objective assessment of how federal policy decisions affect construction for union members. To keep this endeavor useful for building trade unions, we welcome any comments or feedback going forward. Below are several notable actions that we have included in this monthly update during the past year.

- On Oct. 1, 2025, the Trump administration announced it was cancelling nearly $8 billion in funding for 221 green/renewable energy projects specifically in states that voted for Kamala Harris in the 2024 presidential election. These cuts included projects in Minnesota, such as a grant for electric vehicle charging stations in St. Paul, MN. The Trump administration stopped conducting routine national security reviews. Because of this, numerous wind projects across the country including four in Minnesota are now paused with thousands of work hours lost.

- The federal government shut down on Oct. 1, 2025, due to Congress' failure to reach a government spending deal due to Medicaid and healthcare spending cuts included in the One Big Beautiful Bill Act. This specifically affected the US Department of Labor (USDOL) in that, during the shutdown, more than 75% of the USDOL staff were furloughed and did not work, and 20% of the staff were required to work with no pay. In the Wage and Hour Division (WHD) specifically, of the 1,270 total employees, only 65 of them worked during the shutdown. The National Labor Relations Board also ceased nearly all case handling during this time. This shutdown lasted until Nov. 12, 2025, (43 days), making it the longest in history.

- By the end of 2025, contractors began noticing the effects of increased construction input prices caused by tariff-related inflation and uncertainty. As of July 2026, construction input prices are up 7.4% since July 2025 largely due to tariffs, a trade war with Canada, and the war with Iran. Specifically, the cost of diesel fuel, which powers most construction equipment, hit an all-time high and currently costs around $6.33/gallon.

- Consumer goods inflation caused by the tariffs imposed by the Trump administration began appearing at the end of 2025. A recent academic report found that tariffs caused costs for the average upper-Midwest household to increase by about $2,000 in 2025. Along the same lines, a recent Bureau of Labor Statistics report found that the current inflation rate (3.5%) exceeds wage growth (3.2%).

- A December 2025 report from the Good Jobs First organization found that, in 2025, USDOL enforcement of Wage and Hour cases had dropped by 97% and penalties had dropped by 83%. The report also found that the WHD also stopped enforcing its rules against independent contractor misclassification, and in February 2026, USDOL introduced a new regulation weakening the standard by which a worker is deemed to be an independent contractor or an employee. Currently, the USDOL WHD office in Minnesota is operating with five investigators; under the Biden administration, the Minnesota office had WHD 16 investigators.

- Many federal agencies terminated collectively-bargained union contracts for hundreds of thousands of federal union workers. Despite these attacks against unionized workers, polling indicates that 71% of people in the US approve of unions, and the overall unionization rate across the US is 10% (16% in Minnesota).

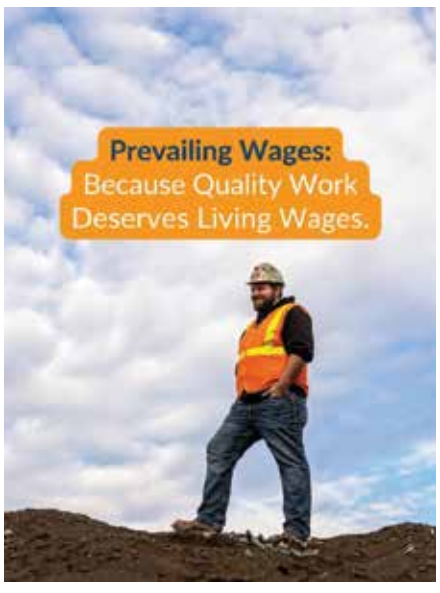
- During Operation Metro Surge in Minnesota, the Trump administration specifically investigated unions including the Minnesota AFL-CIO under the belief that they were engaged in "antifa" activity. It is estimated that the financial cost of this immigration operation to the Twin Cities economy is nearly $700 million, according to an updated impact assessment released by the City of Minneapolis.

Prevailing Wage Accountability Needed at State Agencies

Since FCF was founded in 2011, prevailing wage compliance on public works projects has improved dramatically. In 2026, the Minnesota Department of Labor and Industry has been resolving investigations in less time than ever before using a process called "inform and educate," whereby contractors agree to resolve violations quickly to avoid stiffer penalties. This is highly effective on projects that are owned by public entities such as state agencies or local government bodies. However, compliance enforcement on public-private partnerships, which involve privately-owned projects that receive public subsidies (often for economic development or housing projects), is significantly more challenging. A major reason for this is a lack of consistent recordkeeping.

On prevailing wage projects, all contractors and subcontractors are required to submit certified payroll reports (CPRs) to the project owner to verify their compliance with the law. CPRs are a crucial element of compliance, as they establish a paper trail for investigators to follow. Public entities are well acquainted with this process, typically requiring CPRs to be submitted with routine pay applications. However, because economic development and housing projects are privately-owned, the project owners often fail to require contractors to submit CPRs.

As a result, in 2023 the Minnesota legislature corrected this compliance gap by requiring all contractors to submit CPRs not to the private project owner, but to the state agency that provided the funding: either the Minnesota Department of Employment and Economic Development (DEED) or the Minnesota Housing Finance Agency (MHFA). Despite closing this gap in statute, compliance remains difficult, especially for projects that are funded by DEED. FCF has requested CPRs on several projects, only to be told that the agency does not have any "responsive data." When FCF has pointed to statute and confirmed that the contractors in question are in fact working on the project, it has been said that DEED "is not an enforcement agency," as though that somehow absolves the agency of its statutory responsibility.



FCF continues having conversations with both DEED and MHFA to find administrative pathways to close this compliance gap for good.

If any recipients of this newsletter would like to help, please contact your state representative or state legislator to let them know that this situation is untenable, and ask our elected officials to provide resources the agencies need to fulfill their statutory obligations.

Multifamily Housing Under the Spotlight

The housing shortage in Minnesota becomes more apparent every week. Whether you're in a multi-generational household out of necessity or you've engaged in apartment shopping for a young adult or you simply see more tent communities pop up, the housing shortage is real. The metro area has about 75% of the Minnesota deficit that experts claim is a 100,000-home shortage. The median age for a first-time homebuyer is now 40 years old. At that rate, half of a long career would be spent saving for a house and the other half would be spent paying it off before considering retirement, which might never happen.

We see the problem from a different angle, from inside the proposed solution. FCF's investigative work in housing brings the underground economy into high resolution. Many multi-family housing "heroes" are developers and investors who persuade city council members that they are building housing opportunities to help their communities. What FCF frequently learns instead is that the investment funds, including public subsidies and tax breaks, are literally used to reward the "businesses" that pay workers the least.

FCF's contractor members are competing with entities that usually pay low wages in cash, often on piece meal work. Cash payments are usually off the books and therefore fail to withhold income and payroll taxes. Required payroll records almost never exist on cash wages. Piece meal work (e.g. $7 per square foot of framing) usually calculates into substandard wages, no overtime and a hand-to-mouth workforce that requires that next job for survival. Yet, when elected leaders approve public funds to leverage these projects they are investing in their own underground economy.

FCF has increased efforts in this subsection of public construction because it effects more in the industry than ever before and without coordinated investigations it will spread. Minnesota's attorney general and the Department of Labor & Industry (DLI) understand what our industry faces in unlawful employment practices in housing. AG Ellison's office has created a Worker Protection Team that gives a meaningful path to enforce wage laws, unauthorized deductions and simple wage theft. FCF continues to work hard to facilitate good communications with the AG's office, and on behalf of lawful construction affiliates it gets results. The attorney general also represents DLI in court when contractors secure legal representation.

Likewise, DLI has ramped up project site visits in 2026, and their investigative time for the average complaint has reduced significantly.

FCF appreciates the work of these two agencies. The housing problem alone has reinforced our belief that without compliance this underground economy will thrive. But with committed partners in the AG's office and DLI we are turning the tide.

Our Mission

The Fair Contracting Foundation promotes prevailing wage law education, compliance and enforcement. It advocates for practices, policies and laws that ensure fair government contracts, a strong local industry and protection of the public interest. We're here to help. Give us a call at 651-797-2726 or toll-free at 1-844-777-0606.