

# State of Minnesota

## Department of Labor and Industry



### REQUEST FOR PROPOSAL

Report: Worker Misclassification Fraud Impact in Minnesota

SWIFT #2000017413

Date Posted: Wednesday, August 20, 2025

- Responses must be received not later than 4:00 p.m., Central Time, Wednesday, September 17, 2025.
- Late responses will not be considered.

#### **Minnesota's Commitment to Diversity and Inclusion**

The State of Minnesota is committed to diversity and inclusion in its public procurement process. The goal is to ensure that those providing goods and services to the State are representative of our Minnesota communities and include businesses owned by minorities, women, veterans, and those with substantial physical disabilities. Creating broader opportunities for historically under-represented groups provides for additional options and greater competition in the marketplace, creates stronger relationships and engagement within our communities, and fosters economic development and equality.

To further this commitment, the Department of Administration operates a program for Minnesota-based small businesses owned by minorities, women, veterans, and those with substantial physical disabilities. For additional information on this program, or to determine eligibility, please call 651.201.2402 or go to the Office of Equity in Procurement home page, at <https://mn.gov/admin/business/vendor-info/oep/>.

**SPECIAL NOTICE:** This is a request for proposal. It does not obligate the State of Minnesota to award a contract or complete the proposed program, and the State reserves the right to cancel this solicitation if it is considered in its best interest.

**This Solicitation requires proposals to be submitted through the SWIFT Supplier Portal. Please note the security changes below that may impact responders from submitting a timely response.**

### **SWIFT SUPPLIER PORTAL SECURITY CHANGES**

There are new security measures that the Minnesota Management and Budget implemented on October 16, 2022. It is a new multi-factor authentication (MFA) to enhance the security of the [State of Minnesota Supplier Portal](#). MFA is an authentication method that requires bidders and suppliers provide two verification factors to log into the SWIFT Supplier Portal. The goal of MFA is to create a layered defense that makes it more difficult for unauthorized system access to occur.

For information about these changes, please refer to the [SWIFT Supplier Portal Multi-Factor Authentication FAQ](#) document.

**If you have not done so already, please make sure to log into the SWIFT Supplier Portal as soon as possible to get this authentication set up early so there are no issues when submitting a response to an RFP.**

**You are strongly encouraged to set your MFA during business hours of 8:00 A.M. to 4:00 P.M., Central Time, Monday through Friday. You may experience delay setting your MFA after hours.**

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### Solicitation Attachments

- Attachment A: Responder Declarations
- Attachment B: Exceptions to State's Terms and Conditions
- Attachment C: Cost Detail
- Attachment D: Responder Form
  - Workforce Declaration Page
- Attachment E: Reference Form

### Sample Contract

- Exhibit A: Contract Terms
- Exhibit B: Insurance Requirements
- Exhibit C: Specifications, Duties, and Scope of Work
- Exhibit D: Pricing
- Exhibit E: State of Minnesota Department of Labor and Industry Microsoft Work Document Template to ensure accessibility, consistent fonts, compliance with State branding guidelines, and reduction of DLI staff time required to correct formatting

## SECTION 1 – INSTRUCTIONS TO RESPONDERS

|                                    |  |
|------------------------------------|--|
| Steps for Completing Your Response | Follow the steps below to complete your response to this Solicitation:<br>Step 1: Read the solicitation documents and ask questions, if any<br>Step 2: Write your response<br>Step 3: Submit your response |
| Incomplete Submittals              | A response must be submitted along with any required additional documents. Incomplete responses that materially deviate from the required format and content may be rejected.                              |

### STEP 1 – READ THE SOLICITATION DOCUMENT & ASK QUESTIONS, IF ANY

|                      |   |
|----------------------|---|
| How to Ask Questions | <p>The contact person for questions is:</p> <p>Annie Welch, Director, Projects &amp; Planning<br/>Minnesota Department of Labor and Industry<br/><a href="mailto:Annie.Welch@state.mn.us">Annie.Welch@state.mn.us</a></p> <p>Questions should be emailed to the contact by September 3, 2025. An addendum with responses to all questions will be posted with the SWIFT event by September 5, 2025. Other personnel are not authorized to answer questions regarding this Solicitation.</p> |
|----------------------|---|

### STEP 2 – WRITE YOUR RESPONSE

The Response Content section is in this link to [Section 4](#). Prepare a written response and supply all requested content. Responses should address the requested information and documents detailed in Section 4. **DO NOT INCLUDE** Non-Public/Trade Secret data (as defined in this link to [Minn. Stat. § 13.37](#)).

**Review, sign, and include the Responder Declarations with your response.**

### STEP 3 –SUBMIT YOUR RESPONSE

|                             |  |
|-----------------------------|--|
| Where to Send Your Response | <p>All responses to this solicitation (termed an “Event” within SWIFT) must be submitted through SWIFT using the Supplier portal (<a href="https://mn.gov/supplier">https://mn.gov/supplier</a>). Training and documentation on how to submit your response is available through the Supplier portal link above. Fax, e-mail, and printed responses will not be accepted or considered. All costs incurred in responding to this solicitation will be borne by the responder.</p> <p><b>Late responses will not be considered.</b> Responses received after End Date above will not be considered, even if errors or delays were caused by issues outside of responders’ control. If you need assistance please contact the SWIFT Vendor Assistance Helpline at 651-201-8100, Option 1, and then Option 1.</p> <p>By submitting a response, your company is making a binding legal offer for the period of time set forth below in Section 6, Conditions of Offer.</p> |
|-----------------------------|--|

## SECTION 2 – SUMMARY OF SCOPE

### 1. Overview and Goals.

The Minnesota Department of Labor and Industry (DLI) requests proposals to perform an in-depth study and provide a comprehensive report that will analyze the costs of worker misclassification fraud to illustrate how misclassification impacts misclassified workers, government programs, and tax collections. This report will be created as outlined in Minnesota Statutes 2024, section 181.725, subd. 4b.

At a minimum, the study and report must provide an estimate of:

- the number of workers experiencing misclassification fraud in Minnesota;
- the cost of misclassification fraud to impacted workers;
- the prevalence of misclassification fraud by industry;
- an estimate of the impact to the
  - o unemployment insurance trust fund,
  - o family and medical benefit insurance account,
  - o state income tax collection,
  - o workers' compensation fund, and
  - o workforce development fund.

The report is due to the Minnesota legislature on January 15, 2027. We anticipate multiple presentation requests will follow publication of the report.

## 2. Tasks and Deliverables.

Using data including and not limited to those provided by the Minnesota Departments of Labor and Industry, Employment and Economic Development, and Revenue, the contracted party will evaluate data to determine the comprehensive impact of worker misclassification fraud.

Successful contracted partners will:

1. Become knowledgeable about rules and regulations related to appropriate classification of workers in Minnesota and in the United States as a whole;
2. Determine factors that will help identify when workers are likely to be misclassified as independent contractors including but not limited to industry or occupation, seasonality of work, conditions of work including typical hours, location, etc.;
3. Understand the secondary and tertiary impact of such misclassification fraud;
4. Understand how the unemployment insurance trust fund, family and medical benefit insurance account, state income tax collection, workers' compensation fund and workforce development fund are calculated, funded, and verified;
5. Develop and implement research methodology that will quantify the individual and collective impact of worker misclassification fraud in Minnesota;
6. Propose recommendations for policy changes;
7. Create an achievable workplan to address each of these items;
8. Meet regularly (at least weekly) and work closely with representative(s) from the State;
9. Provide materials in a manner prescribed by the State to ensure accessibility and compliance with State branding guidelines;
10. Create and present materials to relevant stakeholders and committees, and/or support representatives from the State in their preparations to present.

Deliverables will include, at a minimum:

1. Literature review of economic impacts of worker misclassification fraud;
2. Development of research methodology to appropriately quantify the individual and collective impact of worker misclassification fraud in Minnesota;
3. Documentation sufficient for possible future replication of methodology;
4. Detailed analysis of data including and not limited to those provided by the Minnesota Departments of Labor and Industry, Employment and Economic Development, and Revenue;
5. Use of publicly available data to support and inform projections;
6. Comprehensive and well-organized written report detailing the literature review, the research methodology, the program assumptions, the analysis, the quantified cost impacts to workers and state programs, and possible policy recommendations;
7. Proposed policy recommendations including the following components:
  - Data-informed. All recommendations should follow data, analysis and conclusion of the report.
    - Body of the report should lead to the recommendations. No new information should be presented in the recommendations section.
  - Context.
    - Do the recommendations work together as a whole? How do they relate to each other? Is there a ranking to them? Is one stronger than the rest? Or are they contingent on another one?
  - Additional detail for each recommendation.
    - Who, what when, where, why, how will it be implemented?
    - Why is this recommendation important?
    - What problem will it solve?
    - Are there known barriers to implementation?
  - Scope of the recommendation.

- Is the recommendation voluntary or mandatory?
  - Impact of the recommendation.
    - Who is impacted? At what scale?
- 8. Draft presentation materials for use with key stakeholders including lay audiences;
- 9. Availability to present and respond to questions from key stakeholders.

If Artificial Intelligence (AI) is used to support the creation of any deliverable submitted to DLI, the vendor will disclose and describe its use. The vendor will also have performed thorough quality control review to ensure accuracy of information and references. The vendor is responsible for the veracity of all content provided.

## SECTION 3 – PROPOSAL INSTRUCTIONS AND ADDITIONAL INFORMATION

### 1. Anticipated Contract Term.

The term of this contract is anticipated to be from November 1, 2025 to June 30, 2027, with the option to extend up to an additional one year in increments determined by the State.

### 2. Question and Answer Instructions.

All questions should be submitted no later than the date and time listed in Section 1, Instructions to Responders. The State is not obligated to answer questions submitted after the question due date and time.

Only personnel listed above are authorized to discuss this solicitation with responders. Contact regarding this solicitation with any personnel not listed above could result in disqualification. This provision is not intended to prevent responders from seeking guidance from state procurement assistance programs regarding general procurement questions.

If a Responder discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in the solicitation, please immediately notify the contact person detailed above in writing of such error and request modification or clarification of the document.

### 3. Additional Tasks or Activities.

Responders are encouraged to propose additional tasks, activities, or goods above and beyond the scope of what is requested in this solicitation if they will substantially improve the results of this procurement. Any costs associated with these additional tasks, activities, or goods should be clearly marked and separated from costs associated with the tasks, activities, or goods specifically requested under this solicitation. Because cost is a factor in the evaluation of responses to this solicitation, failure to separate costs for additional tasks, activities, or goods may result in those costs being included in a responder's cost proposal and result in a lower cost score for that proposal.

## SECTION 4 – PROPOSAL CONTENT

Please submit the following information:

1. Work Plan. Responder should provide a description of the deliverables to be provided by the Responder along with a detailed work plan that identifies the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing. This document should NOT list cost detail. If cost detail is included in this document, the State may disqualify the proposal as non-responsive. Responder should provide a statement of the objectives, goals, and tasks to show or demonstrate the Responder's view and understanding of the nature of the contract, and what makes the Responder uniquely suited for this work.
2. Methodology. Responder should provide a description of how they will accomplish the State's objectives and measure success by identifying research methods, rationale for selecting the particular methods, manage risk and how they will collect, analyze, and interpret data. Include a description of how you plan to use provided data to develop and implement research methodology.
3. Qualifications and Experience. Responder should provide an outline of background and experience with examples of similar work done by the Responder and a list of personnel who will conduct the project, detailing their training, and work experience. Resumes or other information about project personnel should not, if possible, contain personal telephone numbers, home addresses, or home email addresses. If it is necessary to include personal contact information, please clearly indicate in the response that personal contact information is being provided.
4. References. Responder should submit contact information for one reference by completing the top portion of "Attachment E: Reference Form". Once Responder's response is received, the Solicitation Administrator will send the same form to Responder's reference to fill out and return to the Solicitation Administrator.

Failure to meet this requirement may result in the rejection of the entire solicitation response as non-responsive.

The State reserves the right to verify the information submitted on Attachment E before an award is made. The State reserves the right to contact the reference listed in Attachment E. The solicitation response will be rejected if the State, in its sole discretion, receives information that indicates the responder is non-responsible or non-responsive.

5. Work Sample. Responder should provide a Work Sample that reflects the quality of the deliverables they will provide to the State. Work Samples are ideally very similar to the services being requested in this RFP.
6. Diversity, Equity, and Inclusion. Describe how responder's policies and practices promote diversity, equity, and inclusion in areas such as: hiring practices, supply chain management, subcontracting, etc. Detail the responder's demographic breakdown and any other information pertinent to efforts in this area.
7. Cost Detail. Complete and submit Attachment C, "Cost Detail," attached to this solicitation.

Submit all requested documentation, including, but not limited to, the following documents:

1. Attachment A: Responder Declarations
2. Attachment B: Exceptions to State's Standard Terms and Conditions
3. Attachment C: Cost Proposal
4. Attachment D: Responder Forms
  - a. Workforce Declaration Page
5. Attachment E: Reference Form

**DO NOT INCLUDE Non-Public/Trade Secret data (as defined by Minn. Stat. § 13.37).**

## SECTION 5 – EVALUATION PROCEDURE AND CRITERIA

The State will conduct an evaluation of responses to this Solicitation. The evaluations will be conducted using a two-tier scoring methodology described below.

### 4. TIER 1

4.1 Phase 1 - Responsiveness and Pass/Fail Requirements. The purpose of this phase is to determine if each response complies with mandatory requirements. The State will first review each proposal for responsiveness to determine if the Responder satisfies all mandatory requirements. The State will evaluate these requirements on a pass/fail basis.

Mandatory Requirements. The following will be considered on a pass/fail basis:

- Responses must be received by the due date and time specified in this RFP.

4.2 Phase 2 - Evaluate Responses. Only responses found to have met Phase I criteria will be considered in Phase II.

In Tier 1, responses will be rated as follows:

The factors and weighting on which responses will be judged are:

- |  |   |
|--|---|
| 1. Work Plan                               | 250 points                                  |
| 2. Methodology                             | 250 points                                  |
| 3. Qualifications, Experience, Work Sample | 300 points                                  |
| 4. Diversity, Equity & Inclusion           | 100 points                                  |
| 5. Cost Detail                             | <u>100 points</u>                           |
|  | 1,000 points                                |
| 6. Preference Points (if applicable)       | 120 points (in addition to 1,000 available) |

Preferences points are described under Solicitation Terms and will be applied to the total score after points have been awarded. Each Responders' total score in Tier 1 will consist of the technical score, cost score, and preference points, if applicable.

4.3 Phase 3: Shortlist. Each Responder will be ranked based on each Responder's Tier 1 total score. The State will shortlist the highest scoring Responders by determining the natural break in Responders' scores. Only the highest scoring Responders in Tier 1 will advance to Tier 2.

### 5. TIER 2

5.1 Phase 1 - Evaluate Responders. All Responders' scores will be re-set to zero prior to beginning Tier 2.

In Tier 2, Responders will be rated as follows:

The factors and weighting on which responses will be judged are:

- |                                      |   |
|--------------------------------------|---|
| 1. Interviews                        | 300 points                                  |
| 2. Reference Check                   | 300 points                                  |
| 3. Cost Detail                       | <u>400 points</u>                           |
|                                      | 1,000 points                                |
| 4. Preference Points (if applicable) | 120 points (in addition to 1,000 available) |

Preference points are described under Solicitation Terms and will be applied to the total score after points have been awarded. Each Responders' total score in Tier 2 will consist of the technical score, cost score, and preference points, if applicable.

5.2 Phase 2 - Select Finalist(s). The State will make its selection based on best value, as determined by this evaluation process. Each Responder will be ranked based on each Responder's Tier 2 total score. The State will begin negotiating with the highest scoring Responder in Tier 2. The State reserves the right to pursue negotiations on any exception taken to the State's standard terms and conditions. In the event that negotiated terms cannot be reached, the State reserves the right to terminate negotiations and begin negotiating with the next highest scoring responder. If the State anticipates multiple awards, the State reserves the right to negotiate with more than one Responder.

It is anticipated that the evaluation and selection will be completed by October 10, 2025.

## **SECTION 6 – SOLICITATION TERMS**

### **1. Competition in Responding**

The State desires open and fair competition. Questions from responders regarding any of the requirements of the Solicitation must be submitted in writing to the Solicitation Administrator listed in the Solicitation before the due date and time. If changes are made the State will issue an addendum.

Any evidence of collusion among responders in any form designed to defeat competitive responses will be reported to the Minnesota Attorney General for investigation and appropriate action.

### **2. Addenda to the Solicitation**

Changes to the Solicitation will be made by addendum with notification and posted in the same manner as the original Solicitation. Any addenda issued will become part of the Solicitation.

### **3. Data Security - Foreign Outsourcing of Work is Prohibited**

All storage and processing of information shall be performed within the borders of the United States. This provision also applies to work performed by subcontractors at all levels.

### **4. Joint Ventures**

The State allows joint ventures among groups of responders when responding to the solicitation. However, one responder must submit a response on behalf of all the others in the group. The responder that submits the response will be considered legally responsible for the response (and the contract, if awarded).

### **5. Withdrawing Response**

A responder may withdraw its response prior to the due date and time of the Solicitation. For solicitations in the SWIFT Supplier Portal, a responder may withdraw its response from the SWIFT Supplier Portal. For solicitations done any other way, a responder may withdraw its response by notifying the Solicitation Administrator in writing of the desire to withdraw.

After the due date and time of this Solicitation, a responder may withdraw a response only upon showing that an obvious error exists in the response. The showing and request for withdrawal must be made in writing to Solicitation Administrator within a reasonable time and prior to the State's detrimental reliance on the response.

### **6. Rights Reserved**

The State reserves the right to:

- Reject any and all responses received;
- Waive or modify any informalities, irregularities, or inconsistencies in the responses received;
- Negotiate with the highest scoring Responder[s];
- Terminate negotiations and select the next response providing the best value for the State;
- Consider documented past performance resulting from a State contract in the evaluation process;
- Short list the highest scoring Responders;
- Require Responders to conduct presentations, demonstrations, or submit samples;
- Interview key personnel or references;
- Request a best and final offer from one or more Responders;
- The State reserves the right to request additional information ; and
- The State reserves the right to use estimated usage or scenarios for the purpose of conducting pricing evaluations. The State reserves the right to modify scenarios, and to request or add additional scenarios for the evaluation.

### **7. Samples and Demonstrations**

Upon request, Responders are to provide samples to the State at no charge. Except for those destroyed or mutilated in testing, the State will return samples if requested and at the Responder's expense. All costs to conduct and associated with a demonstration will be the sole responsibility of the Responder.

## **8. Responses are Nonpublic during Evaluation Process**

All materials submitted in response to this Solicitation will become property of the State. During the evaluation process, all information concerning the responses submitted will remain private or nonpublic and will not be disclosed to anyone whose official duties do not require such knowledge. Responses are private or nonpublic data until the completion of the evaluation process as defined by Minn. Stat. § 13.591. The completion of the evaluation process is defined as the State having completed negotiating a contract with the selected responder. The State will notify all responders in writing of the evaluation results.

## **9. Trade Secret Information**

- 9.1 Responders must not submit as part of their response trade secret material, as defined by Minn. Stat. § 13.37.
- 9.2 In the event trade secret data are submitted, Responder must defend any action seeking release of data it believes to be trade secret, and indemnify and hold harmless the State, its agents and employees, from any judgments awarded against the State in favor of the party requesting the data, and any and all costs connected with that defense.
- 9.3 The State does not consider cost or prices to be trade secret material, as defined by Minn. Stat. § 13.37.
- 9.4 A responder may present and discuss trade secret information during an interview or demonstration with the State, if applicable.

## **10. Conditions of Offer**

Unless otherwise approved in writing by the State, Responder's cost proposal and all terms offered in its response that pertain to the completion of professional and technical services and general services will remain firm for 180 days, until they are accepted or rejected by the State, or they are changed by further negotiations with the State prior to contract execution.

## **11. Award**

Any award that may result from this solicitation will be based upon the total accumulated points as established in the solicitation. The State reserves the right to award this solicitation to a single Responder, or to multiple Responders, whichever is in the best interest of the State, providing each Responder is in compliance with all terms and conditions of the solicitation. The State reserves the right to accept all or part of an offer, to reject all offers, to cancel the solicitation, or to re-issue the solicitation, whichever is in the best interest of the State.

## **12. Requirements Prior to Contract Execution**

Prior to contract execution, a responder receiving a contract award must comply with any submittal requests. A submittal request may include, but is not limited to, a Certificate of Insurance.

## **13. Targeted Group, Economically Disadvantaged Business, Veteran-Owned and Individual Preference**

Unless a greater preference is applicable and allowed by law, in accordance with Minn. Stat. § 16C.16, businesses that are eligible and certified by the State as targeted group (TG) businesses, economically disadvantaged (ED) businesses, and veteran-owned businesses will receive points equal to 12% percent of the total points available as preference.

For TG/ED/VO certification and eligibility information visit the Office of Equity in Procurement website at <https://mn.gov/admin/business/vendor-info/oep/> or call the Division's Helpline at 651.201.2402.

## **14. Reciprocity**

State shall comply with Minn. Stat. § 16C.06, subd. 7, as that applies to a non-resident vendor. This paragraph does not apply for any project in which federal funds are expended.