# COMMONWEALTH of VIRGINIA

**DEPARTMENT OF LABOR AND INDUSTRY**

**James S. Frederick**
COMMISSIONER

Brookfield Place
6606 W. Broad Street, Suite 500
Richmond, Virginia 23230
PHONE (804) 371-2327
FAX (804) 371-6524


November 1, 2026

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee
General Assembly Building
Room No: 1404
Senate of Virginia
P. O. Box 396
Richmond, VA 23218

The Honorable Luke E. Torian
Chair, House Appropriations Committee
General Assembly Building
201 North 9th Street
Richmond, Virginia 23219

Michael Maul
Director, Department of Planning and Budget
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, VA 23219-1922

Dear Senator Lucas, Delegate Torian, and Director Maul:

The Department of Labor and Industry (DOLI) submits this report on the Commonwealth's FY 2026 minimum wage program, anti-discrimination in payment of wage program, anti-discrimination in worker misclassification program, and the prevailing wage rate program in accordance with the Appropriation Act, Chapter 1, Item 352 B.1-4 (Special Session I, 2026).

**The Future of DOLI's Wage Protection Division**

Wage protection laws help ensure that workers receive the wages that they have earned, that young workers are shielded from unlawful employment practices, that employees are not improperly classified or denied protections to which they are entitled, and that workers on covered public construction projects receive required prevailing wages. Effective administration

of these laws also supports employers by providing clear information about their obligations and promoting a level playing field for businesses that comply with the law.

In 2026, the General Assembly passed, and Governor Spanberger signed, more than a dozen new worker protection bills. Many of these bills include additional responsibilities for DOLI to implement and enforce, including a landmark bill that addresses wage theft across the Commonwealth by expanding DOLI's authority to enforce state minimum wage, overtime, and prevailing wage requirements. DOLI has also been charged with enforcing the state Paid Sick Leave law, which goes into effect in 2027, and for implementing employment protections related to the Paid Family and Medical Leave program which will begin providing benefits in 2028. Collectively, these laws have a direct impact on Virginia workers, families, employers, and communities and as these responsibilities expand, DOLI must have the capacity to both provide compliance assistance to employers and to identify patterns of noncompliance and strategically address violative practices that may affect workers across sectors and industries. Recognizing the growing scope and complexity of these responsibilities at DOLI, the 2026 Appropriation Act appropriated $6.5 million in Fiscal Year 2027 and $3.635 million in Fiscal Year 2028 from the general fund to support critically needed additional personnel for wage protection enforcement activities and development of a comprehensive case management system.

As DOLI's responsibilities have expanded to address the challenges workers, employers, and communities are currently facing, DOLI's organizational structures must also adjust to meet this demand. As a result of these changes, DOLI is transforming its wage protection efforts from a reactive complaint-driven model to a strategic enforcement approach—bringing proactive, on-site investigations, stronger partnerships, and clearer guidance to the industries where workers need protection most.

DOLI has created a new Wage Protection Division, whose sole focus is dedicated to ensuring workers receive the protections that they are entitled to under the law and employers understand their obligations and are provided with compliance assistance. This evolution is demonstrated by the shift from a complaint-based individual wage claim model that relies on workers to bring violations to the attention of the agency to a coordinated, enterprise-wide, strategic enforcement framework. The objective of the new Wage Protection Division is not simply to increase enforcement activity; it is also to improve workplace compliance through education, outreach, strategic partnerships, data, and communications. Success is ultimately measured by both back wages collected for workers who have been victims of wage theft and improved compliance and lasting behavior change by employers. The 2026 Appropriation Act provides funds to hire additional personnel for wage protection enforcement beginning in FY 2027.

DOLI will also integrate education with enforcement, understanding that guidance, webinars, FAQs, model policies, compliance toolkits, and stakeholder meetings can help prevent wage violations from occurring in the first place. DOLI will also build strategic partnerships that leverage relationships with a wide variety of organizations to expand DOLI's reach and maintain active engagement with employers, workers, and community groups that help build trust and improve outcomes.

The Secretary of Labor and DOLI recently submitted a report to the General Assembly on the Implementation Plan as required by the Appropriation Act, Chapter 1, Item 352 D (Special Session I, 2026). The implementation plan lays out the vision for a more efficient and effective

wage protection program in FY 2027 and beyond. The Implementation Plan is also attached to this letter for your convenience.

**Labor Law Data for FY 2026**

This report provides data on DOLI's operations during FY 2026. This data predates the 2026 Appropriations Act's significant investment in expanding DOLI's investigative capacity, the effective date of legislation vesting DOLI with authority to use strategic enforcement tools, and the launch of the Wage Protection Division. DOLI anticipates that this evolution will result in a meaningful increase in cases and wages recovered for workers.

This report covers the following requirements for FY 2026:

> *B.1. The Department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget, by November 1 of each year on the state's minimum wage program, including, but not limited to, the number of (i) customer contacts concerning minimum wage, (ii) minimum wage claims processed, (iii) cases with wages collected, (iv) cases with claims ruled invalid, (v) cases with final orders issued, and (vi) cases cleared within 90 days.*
>
> *2. The Department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget, by November 1 of each year on the state's anti-discrimination in payment of wage program, including, but not limited to, the number of (i) customer contacts concerning discrimination involving payment of wage complaints or proceedings, (ii) payment of wage discrimination complaints processed, (iii) meritorious complaints with payment of wage discrimination resolved with either reinstatement or recovery of lost wages, (iv) non meritorious complaints, i.e. cases with no adverse action or no protected activity, and (v) cases taken to court.*
>
> *3. The Department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget, by November 1 of each year on the state's anti-discrimination in worker misclassification program, including, but not limited to, the number of (i) customer contacts concerning discrimination involving worker misclassification, (ii) discrimination in worker misclassification claims processed, (iii) meritorious complaints with worker misclassification wage discrimination resolved with either reinstatement and/or recovery of lost wages, (iv) non meritorious complaints, i.e. cases with no adverse action or no protected activity, and (v) cases taken to court.*
>
> *4. The Department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget, by November 1 of each year on the state's prevailing wage rate program, including, but not limited to, the number of (i) contacts from state agencies to determine the proper prevailing wage, (ii) prevailing wage determinations for the involved planning district calculated using Davis-Bacon rates for the cities and counties within the planning district, and (iii) contractor provided scale of pay and fringe benefits certified and received.*

MINIMUM WAGE PROGRAM

B.1. asks for information regarding the Department's contacts and claims concerning minimum wage.

| **Minimum Wage Enforcement** | |
|---|---|
| **Customer Contacts** | 657 |
| **Minimum Wage Claims processed** | 15 |
| **Cases with Wages Collected** | 2 |
| **Cases Ruled invalid** | 13 |
| **Cases with Final Orders issued** | 0 |
| **Cases cleared in 90 days** | 15 |

ANTI-DISCRIMINATION IN PAYMENT OF WAGE PROGRAM

B.2. asks for information regarding the Department's contacts and claims concerning the anti-discrimination (also known as retaliation) in the payment of wage program.

| **Anti-Discrimination in Payment of Wage** | |
|---|---|
| **Customer Contacts** | 458 |
| **Complaints processed** | 11 |
| **Meritorious Complaints resolved**<br>**-Reinstatement**<br>**-Recovery of Lost Wages** | 0* |
| **Non Meritorious Complaints** | 8 |
| **Cases Taken to Court** | 0 |

*Three (3) complaints are under investigation, but determinations have not been issued.

ANTI-DISCRIMINATION IN WORKER MISCLASSIFICATION PROGRAM

B.3. asks for information regarding the Department's contacts and claims concerning the anti-discrimination (also known as retaliation) in the worker misclassification program.

| **Anti-Discrimination in Worker Misclassification** | |
|---|---|
| **Customer Contacts** | 360 |
| **Complaints Processed** | 6 |
| **Meritorious Complaints Resolved**<br>**-Reinstatement**<br>**-Recovery of Lost Wages** | 0 |
| **Non Meritorious Complaints** | 6 |
| **Cases Taken to Court** | 0 |

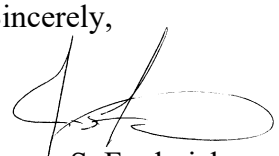
PREVAILING WAGE RATE PROGRAM

B.4. asks for information regarding the Department's monitoring of the prevailing wage program. The data reported below includes contacts from localities to determine the applicable prevailing wages.

| **Prevailing Wage** | |
|---|---|
| **Contacts with State and Local Agencies to Determine Proper Prevailing Wage** | 2,736 |
| **Prevailing Wage Determinations** | 1,194 |
| **Certified Pay and Fringe Benefit Scales Received** | 15,486 |

DOLI appreciates the opportunity to be a resource for the legislature in the Commonwealth and remains committed to ensuring Virginia remains the best place for people to live, work, and conduct business.

Sincerely,



James S. Frederick
Commissioner