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⇒ Designates that this item is a change item

**Agency Purpose**

The mission of the Department of Labor and Industry (DLI) is to ensure Minnesota’s work and living environments are equitable, healthy, and safe. Its vision is to be a trusted resource and an impartial regulator for employers, employees, and property owners.

**At a Glance**

**Safety & Workers’ Compensation**

- Jurisdiction over more than 2.6 million Minnesota workers and 168,000 private and public-sector employers
- Conducts 4,200 safety and health inspections and consultations annually
- Responds (within 24 hours) to an average of 20 fatalities each year
- Provides annual outreach sessions impacting more than 20,000 employers and employees

**Construction Codes and Licensing**

- Reviews building plans on \$532 million worth of construction for code compliance each year
- Provides more than 450,000 code compliance inspections on about 200,000 construction projects annually

- Evaluates and issues 110,000 licenses to individuals and businesses in the construction industry, biannually.

**Labor Standards & Apprenticeship**

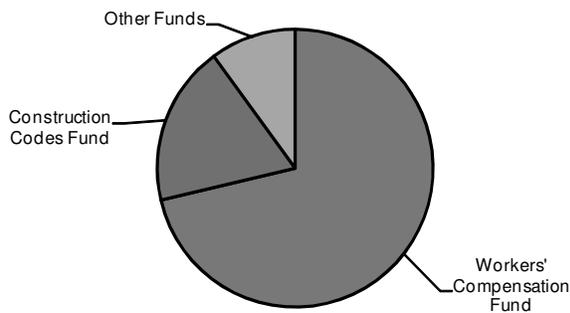
- Investigated 500 cases of labor law compliance and processed 1,106 wage claims
- Registered 11 new and monitored 300 current sponsors of apprenticeship training
- Managed 7,219 apprentices in training, including 1,130 women and people of color

**General Support**

- Facilitates nearly 5.3 million Web hits (CY 2009)
- Approximately 93% of DLI’s budget goes toward program expenditures, with 7% spent on general support.

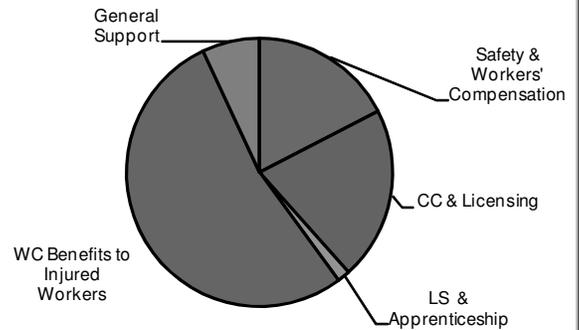
*\*Data is from 2010*

**Est. FY 2010-11 Expenditures by Fund**



*Source: Consolidated Fund Statement.*

**Est. FY 2010-11 Expenditures by Program**



*Source: Minnesota Accounting & Procurement System (MAPS) as of August 31, 2010.*

**Strategies**

Through outreach, education and compliance efforts, DLI strives to improve the quality of life for Minnesota workers and their families. DLI’s strategies are to:

- reduce and minimize the impact of workplace injuries and illnesses;
- help resolve workplace complaints and disputes;
- ensure compliance and awareness about workplace requirements; and
- assure quality construction, operation and maintenance of structures.

DLI continually strives to ensure that safer and healthier work environments are constructed in Minnesota.

## Operations

DLI's primary customers are Minnesota workers, employers, and building owners. Other stakeholders include builders, contractors, building officials, manufacturers of building products, insurers, attorneys, rehabilitation and health care providers, employment agencies, and boat owners. Services are provided through four DLI divisions.

The **Safety and Workers' Compensation Division** provides leadership, support, and a framework for operations relating to the safety and compensation of employees and employers through the following six activities.

- Special claims administration serves as a "safety net," by administering workers' compensation benefits to injured workers whose employers did not have workers' compensation insurance at the time of injury. DLI serves as the insurer and the staff manages these claims in a fashion similar to an insurance company.
- Dispute resolution resolves disputed issues among employers, insurers, injured workers, medical providers, and other parties to a workers' compensation claim. The focus is on early dispute resolution by providing mediators to staff the agency's phone hotline.
- Vocational rehabilitation provides vocational services to injured workers whose claims have been denied or whose claims are in dispute and are awaiting resolution in court.
- Assessment collection collects assessments through an insurer premium surcharge and self-insured assessment. This money funds ongoing obligations, including \$43 million in future benefits paid under the uninsured, second-injury and supplementary benefits programs. The assessment funds the operating budget for the Workers' Compensation Division, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals and a portion of the Department of Commerce.
- MNOSHA Compliance conducts safety and health inspections of workplaces and issues citations for failure to comply with standards. It provides technical assistance, outreach, and education about safety and health issues. MNOSHA Compliance also develops partnerships with organizations and investigates allegations of adverse employment actions against employees who make safety and health complaints.
- MNOSHA Workplace Safety Consultation provides safety and health inspections, alliances, training and outreach sessions, and technical assistance to public and private-sector employers, primarily targeting small high-hazard industries. It also administers safety programs such as safety grants, labor-management safety committees, workplace violence prevention, ergonomics, and logger education.

The **Construction Codes and Services Division** assures construction standards, construction codes, and construction-related licensing complies with legal requirements through the following three activities.

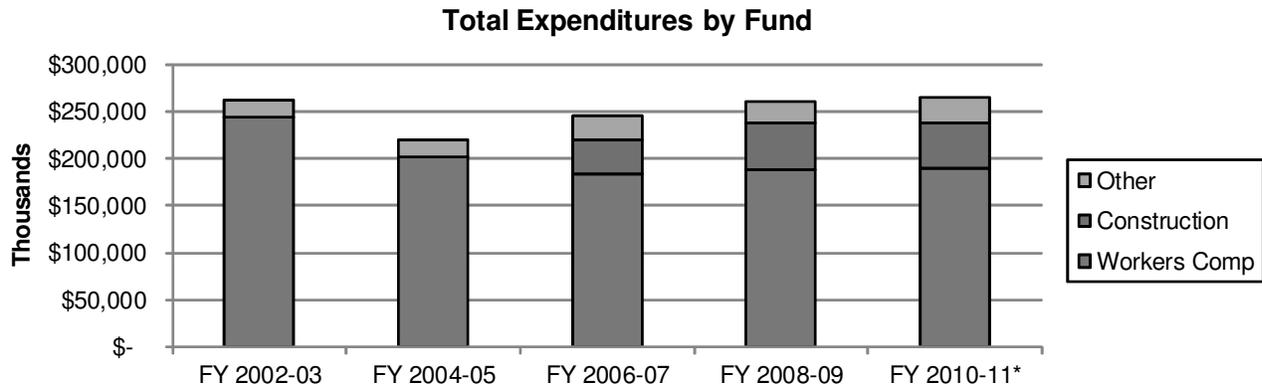
- Licensing and administrative services promulgates construction codes for building, accessibility, elevator, energy, manufactured structures, and boilers. It provides support for three authoritative boards relating to the electrical, plumbing, and high-pressure-piping codes. It also licenses all of the above industries and provides technical assistance and training programs for continued education.
- Inspection services provides code compliance inspections for electrical, plumbing, boiler, elevator, high-pressure piping and boats for hire.
- Plan review and regional services provides code compliance plan reviews and inspections for state-owned buildings, school district buildings, and state licensed facilities for various provisions of the state building code, particularly those contributing to life safety and accessibility. It also reviews plumbing plans for most commercial buildings for compliance with various health and sanitation provisions of the Minnesota Plumbing Code and provides regional services to municipalities by assisting them with administration of the codes and auditing their performance to ensure consistent application of all codes.

The **Labor Standards and Apprenticeship Division** enforces employment laws governing child labor, minimum wage, overtime, prevailing wage, and parental leave. It regulates, supervises, and promotes apprenticeship

programs that meet state standards. It also provides outreach and education to employers and employees, and issues licenses to fee employment agencies.

The **General Support Division** supports agency operations through communications, legislative relations, financial management, human resources, information technology, research and statistics, legal advice, rulemaking, and litigation.

**Budget Trends Section**



*\*FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/31/2010.*

**External Factors Impacting DLI**

The Construction Codes and Licensing Division’s (CCLD) revenues are fees collected from licenses, permits and inspections of the construction industry. The construction industry has been especially hard hit by the recent economic downturn and CCLD dedicated fee revenues from permits and inspections have fallen significantly. For example, the electrical inspection revenues are down 11% or approximately \$1 million from SFY2009 to SFY2010. The building permit surcharge revenues are down 14% or approximately \$1 million from SFY2009 to SFY2010. CCLD continues to monitor revenues and will continue to adjust program activities as necessary.

Safety and Workers’ Compensation is funded from an assessment on insurers and self insured employers. The assessment rate is analyzed and assessed annually to fund payments to injured workers and to support program operational activities. The assessment rate has been reduced during the past few years through DLI’s oversight and settlement of old claims. The amount collected each year is sufficient to make payments to injured workers.

**Contact**

For more information, contact DLI Communications at (651) 284-5313.

More than 2,800 visitors stop by the DLI Web site (<http://www.dli.mn.gov>) each day to learn more about Minnesota’s employment laws, construction codes and licensing, safety and health standards, work-related injuries, and worker training programs.

For information about department goals and results, visit the Accountability Minnesota Web site at <http://www.accountability.state.mn.us/Departments/LaborIndustry/index.htm>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	860	860	860	860	1,720
<b>Recommended</b>	<b>860</b>	<b>860</b>	<b>817</b>	<b>817</b>	<b>1,634</b>
Change		0	(43)	(43)	(86)
% Biennial Change from 2010-11					-5%
<b>Workforce Development</b>					
Current Appropriation	1,029	1,029	1,029	1,029	2,058
<b>Recommended</b>	<b>1,029</b>	<b>1,029</b>	<b>1,029</b>	<b>1,029</b>	<b>2,058</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b>Workers Compensation</b>					
Current Appropriation	20,871	20,871	20,871	20,871	41,742
<b>Recommended</b>	<b>20,871</b>	<b>20,871</b>	<b>20,871</b>	<b>20,871</b>	<b>41,742</b>
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	761	959	817	817	1,634
Workforce Development	875	1,183	1,029	1,029	2,058
Workers Compensation	19,641	22,101	20,871	20,871	41,742
<b>Open Appropriations</b>					
Workers Compensation	70,532	70,723	70,723	70,723	141,446
<b>Statutory Appropriations</b>					
State Government Spec Revenue	22,603	23,257	24,929	25,173	50,102
Miscellaneous Special Revenue	5,972	6,189	6,481	6,481	12,962
Federal	5,194	5,357	5,345	5,345	10,690
Federal Stimulus	24	142	0	0	0
Workers Compensation	3,403	3,242	2,934	2,934	5,868
Miscellaneous Agency	115	16	15	15	30
<b>Total</b>	<b>129,120</b>	<b>133,169</b>	<b>133,144</b>	<b>133,388</b>	<b>266,532</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	35,178	37,282	38,109	38,506	76,615
Other Operating Expenses	21,401	23,363	22,511	22,358	44,869
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	2,164	2,018	2,018	2,018	4,036
<b>Total</b>	<b>129,120</b>	<b>133,169</b>	<b>133,144</b>	<b>133,388</b>	<b>266,532</b>
<b><u>Expenditures by Program</u></b>					
Workers Compensation Division	92,747	94,270	93,360	93,360	186,720
Construction Codes & Services	26,013	26,709	28,460	28,704	57,164
General Support Division	8,599	9,934	9,366	9,366	18,732
Labor Standards & Apprenticesp	1,761	2,256	1,958	1,958	3,916
<b>Total</b>	<b>129,120</b>	<b>133,169</b>	<b>133,144</b>	<b>133,388</b>	<b>266,532</b>
<b>Full-Time Equivalent (FTE)</b>	<b>446.1</b>	<b>450.4</b>	<b>457.7</b>	<b>457.2</b>	

**LABOR AND INDUSTRY DEPT**

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm. FY2012	FY2013	Biennium 2012-13
<b>Fund: GENERAL</b>				
FY 2011 Appropriations	860	860	860	1,720
Subtotal - Forecast Base	860	860	860	1,720
<b>Change Items</b>				
Operating Budget Reduction	0	(43)	(43)	(86)
<b>Total Governor's Recommendations</b>	<b>860</b>	<b>817</b>	<b>817</b>	<b>1,634</b>
<b>Fund: WORKFORCE DEVELOPMENT</b>				
FY 2011 Appropriations	1,029	1,029	1,029	2,058
Subtotal - Forecast Base	1,029	1,029	1,029	2,058
<b>Total Governor's Recommendations</b>	<b>1,029</b>	<b>1,029</b>	<b>1,029</b>	<b>2,058</b>
<b>Fund: WORKERS COMPENSATION</b>				
FY 2011 Appropriations	20,871	20,871	20,871	41,742
Subtotal - Forecast Base	20,871	20,871	20,871	41,742
<b>Total Governor's Recommendations</b>	<b>20,871</b>	<b>20,871</b>	<b>20,871</b>	<b>41,742</b>
<b>Fund: WORKERS COMPENSATION</b>				
Planned Open Spending	70,723	70,723	70,723	141,446
<b>Total Governor's Recommendations</b>	<b>70,723</b>	<b>70,723</b>	<b>70,723</b>	<b>141,446</b>
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
Planned Statutory Spending	23,257	21,520	21,759	43,279
<b>Change Items</b>				
Extension of Fixed Rate Permit Surcharge	0	1,200	1,200	2,400
Construction Program Fee Adjustments	0	2,141	2,183	4,324
Licensure Consistency - Cont. 2010 Leg	0	68	31	99
<b>Total Governor's Recommendations</b>	<b>23,257</b>	<b>24,929</b>	<b>25,173</b>	<b>50,102</b>
<b>Fund: MISCELLANEOUS SPECIAL REVENUE</b>				
Planned Statutory Spending	6,189	6,481	6,481	12,962
<b>Total Governor's Recommendations</b>	<b>6,189</b>	<b>6,481</b>	<b>6,481</b>	<b>12,962</b>
<b>Fund: FEDERAL</b>				
Planned Statutory Spending	5,357	5,345	5,345	10,690
<b>Total Governor's Recommendations</b>	<b>5,357</b>	<b>5,345</b>	<b>5,345</b>	<b>10,690</b>
<b>Fund: FEDERAL STIMULUS</b>				
Planned Statutory Spending	142	0	0	0
<b>Total Governor's Recommendations</b>	<b>142</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: WORKERS COMPENSATION</b>				
Planned Statutory Spending	3,242	2,934	2,934	5,868
<b>Total Governor's Recommendations</b>	<b>3,242</b>	<b>2,934</b>	<b>2,934</b>	<b>5,868</b>
<b>Fund: MISCELLANEOUS AGENCY</b>				
Planned Statutory Spending	16	15	15	30
<b>Total Governor's Recommendations</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>30</b>
<b><u>Revenue Change Items</u></b>				
<b>Fund: STATE GOVERNMENT SPEC REVENUE</b>				
<b>Change Items</b>				
Extension of Fixed Rate Permit Surcharge	0	1,200	1,200	2,400
Construction Program Fee Adjustments	0	2,264	2,264	4,528
Licensure Consistency - Cont. 2010 Leg	0	68	31	99

## LABOR AND INDUSTRY DEPT

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(\$43)	(\$43)	(\$43)	(\$43)
Net Fiscal Impact	(\$43)	(\$43)	(\$43)	(\$43)

### Recommendation

The Governor recommends a reduction of \$43,000 in FY 2012 and \$43,000 in FY 2013 to the Department of Labor and Industry general fund operating budget. The Governor intends that the Department of Labor and Industry should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

This proposal represents a five percent reduction to the Department of Labor and Industry's base General Fund forecast budget.

### Rationale

The Department of Labor and Industry's total base forecast general fund operating budget is \$860,000 for FY 2012 and \$860,000 for 2013 and includes amounts budgeted for Labor Standards. The Department of Labor and Industry is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, Labor and Industry will reduce operating budgets by the following amounts:

- Labor Standards - \$43,000

The Labor Standards Unit serves as a clearinghouse of information about a variety of wage, hour and employment law issues. The unit administers and enforces Minnesota laws affecting employee wages, child labor, prevailing wage and fee employment agencies. Each year, our staff receives approximately 25,000 telephone calls requesting assistance or information. The recommended reduction of 5% or 0.5 FTE will likely result in additional delays in responses, outreach, education and addressing stakeholder concerns in a timely manner.

**Statutory Change:** Not Applicable.

## LABOR AND INDUSTRY DEPT

Change Item: Extension of Fixed Rate Permit Surcharge

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$1,200	\$1,200	\$0	\$0
Revenues	1,200	1,200	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendations

The Governor recommends the extension of the \$5.00 fixed rate permit surcharge enacted during the 2010 legislative session (Minnesota Statutes 326B.148). The extension is recommended for the FY 2012 and FY 2013 biennium only and would expire on June 30, 2013. The extension would increase the Construction Codes and Licensing Division (CCLD) revenues \$1.2 million each year of the biennium.

### Rationale

The construction industry continues to be one of the most depressed sectors of an extremely slow economic recovery. CCLD is financed 100% by dedicated fees generated from construction and other building maintenance related activities. As the economy has declined the number of enforcement complaints and investigations increased. The program is experiencing difficulty funding its fee for service operations at current revenue levels.

The building permit surcharge, which is used for code adoption and other non-fee based costs, has been a fairly reliable indicator of annual construction activity. In fiscal year 2006 the building permit surcharge generated \$5,135,026 in program revenue. By fiscal year 2010 revenue collections from permit surcharges had fallen 49.8% to \$2,576,120. During the 2010 legislative session industry representatives proposed a temporary one year increase of \$4.50 per fixed rate permit bringing the fee from \$0.50 to \$5.00 per permit.

Between FY 2009 and FY 2010 CCLD program reductions of over \$3.2 million (12.5%) were made. During the same two fiscal years, transfers to the General Fund have totaled \$5.03 million. The CCLD operating fund balance plunged 50% to \$4.6 million. To mitigate the financial impact to critical safety assurance activities, CCLD managers have responded through:

- Reductions in inspection and plan review staffing;
- Reductions to code development, implementation and training;
- Reductions in enforcement and complaint investigations;
- Reductions in support staffing levels;
- A 5% reduction in electrical contract inspector payments;
- A \$1.4 million shift forward in revenues from an implementation of two year licensing;
- Obtaining a one time, one year increase of \$1.2 million in surcharge revenue for FY 2011.

Current operating levels are not sustainable given current law.

The additional revenue resulting from the two year licensing implementation will not be available in the 2012-13 biennium, mortgage foreclosures are expected to continue rising, and the construction economy is expected to remain weak. CCLD is now preparing for the next round of significant program reductions. Reductions will include the near elimination of building code development/implementation and significant reductions in enforcement activity. Approximately ten to fifteen positions will be eliminated if the \$1.2 million is not retained. This will negatively impact staffing levels with which to meet critical plan review and safety inspection activities, delays in the division's ability to conduct those services in a timely manner, and prevent adoption of the most current building codes.

The governor is making this recommendation because safe, energy efficient, quality construction and building maintenance are critical to a high quality of life in Minnesota. A harsh winter climate and rising energy costs dictate that Minnesota needs to maintain its capacity to plan and implement new energy efficient building codes for the future well being of citizens and businesses.

The adjustments will increase funds available to CCLD by \$1.2 million annually.

**Key Goals and Measures**

Maintain adequate, quality enforcement services, code development, and training and education programs to protect citizen safety and capital investments.

**Alternatives Considered**

- Seek the elimination of the \$1.515 million in annual transfers to the state general fund.
- Continue to reduce service capacity in code development, education and enforcement as a strategy to meet budgetary constraints. Program service reductions occurred in FY' 2010 through staff layoffs and operational reductions. CCLD will continue to reduce program activities if additional revenue cannot be raised. Additional reductions will require statutory changes to remove program services currently required in law.

**Statutory Change:** 326B.148

## LABOR AND INDUSTRY DEPT

### Change Item: Construction Program Fee Adjustments

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$2,141	\$2,183	\$2,227	\$2,271
Revenues	2,264	2,264	2,284	2,284
Net Fiscal Impact	\$(123)	\$(81)	\$(57)	\$(13)

### Recommendation

The Governor recommends establishing a fee for service model for the Construction Codes and Licensing Division (CCLD) inspection and plan review programs. Establishing the model involves fee adjustments to ensure that the fees collected reflect the cost of the work performed. Adjustments are as follows:

- Increases to electrical, elevator, and plumbing inspections fees;
- Decreases to plumbing plan review fees;
- Establishing a standard CCLD hourly rate for all inspection, plan review and other work requiring hourly rate charges; and
- Implement a backflow assembly registration and filing fee.

### Rationale

In 2005 a governor's executive order consolidated portions of five construction and building maintenance regulatory programs into the Department of Labor and Industry to create the Construction Codes and Licensing Division (CCLD). The CCLD is funded entirely through fees and surcharges paid by the construction and building maintenance industries for regulatory services assuring citizen health and safety. During the last several legislative sessions, program managers have been working to statutorily align all five disparate program funding activities into a single CCLD fee for service framework. This is a continuation of that effort. In addition to the restructuring, the CCLD is unable to meet core statutory responsibilities in some areas and fee adjustments are being recommended.

Annual Revenues: Total Adjustments: \$2.264 million

All program recommendations for fee increases are occurring in areas where revenues do not currently cover programs costs. The fees specifically affected by this change proposal include:

- +\$800,000 revenue increase on electrical inspections to allow for recovering current program costs. In fiscal year 2010 a 5% reduction in electrical contract inspector payments was implemented, but revenues remain below costs. Electrical inspection fees were last adjusted (increased) in 2007.
- +\$765,000 revenue increase on elevator inspections. The elevator program cannot meet statutory annual inspection requirements using current funding levels. Elevator fees are in two parts. 1) an annual operating permit; and 2) an inspection fee for new construction and alterations. This fee change affects the new construction and alterations fee by removing the \$1,000 inspection fee cap and moving valuation from 0.015 to 0.025. Elevator inspection fees were last adjusted in 1999.
- +\$870,000 revenue increase from a plumbing inspections restructuring. The current schedule is not consistent with other jurisdictional practices and does not cover overall operational costs. The current schedules ranges from a \$300 minimum for small projects and a maximum of \$1,800 on large projects, regardless of size. Some inspections can cost more than \$14,000. The proposed revised fee schedule will be similar to the inspection schedule employed by the City of St. Paul and include a minimum fee of \$125 for small projects and an incremental fee based on the number and type of fixtures installed. Plumbing inspection fees were established in 2003.
- -\$200,000 revenue reduction to remove plumbing plan review subsidization of plumbing inspections under a fee for service framework. Currently plumbing plan review and plumbing licensing revenues are subsidizing the cost of plumbing inspections. The fee restructuring will ensure that the subsidization is no longer necessary.
- +\$9,000 revenue increase to implement a uniform and consistent \$80.00 hourly rate across the division to recover costs where statute requires an hourly rate. The hourly costs associated with plan reviews and inspections are comparable and the fee structure will be made consistent.

- +\$20,000 in revenue in FY 2012-13 and \$40,000 in FY 2014-15 from the implementation of an annual \$10 backflow assembly filling fee. The filing and corresponding CCLD costs are required to assure backflow assembly work protecting public water systems has been completed.

The total first year expense increases are \$2.141 million to meet required statutory obligations in inspections, plan reviews, enforcement, and to recover minimal code development, code adoption, and education capacity. Minnesota is minimally expected to adopt new building codes every six years.

CCLD is going to use the revenue adjustments to meet two primary objectives.

- Maintain core program components that were reduced due to the recent economic downturn. Those elements include enforcement, code development, code adoption, training, education, enforcement activities and building a viable plumbing, electrical, and elevator inspection fee structure to meet statutory requirements.
- Continue the financial restructuring toward an efficient, accountable, and transparent fee for service funding structure. This funding element is critical to meeting future industry and citizen needs in building construction to ensure that Minnesota citizens have safe healthy building environments.

### **Key Goals and Measures**

- CCLD will have the resources to meet construction and building maintenance inspection, plan review, enforcement and other regulatory safety and health assurance activities required by law.
- The fees charged for CCLD services will cover the costs of program funding.
- The fee adjustments will provide greater transparency and accountability to assure regulated stakeholders and the public a fair and equitable fee for service program funding process.

### **Alternatives Considered**

- Changes in the statutory requirements that call for annual elevator inspection cycles. Extend the cycle to require inspection every two years. This alternative will create elevator safety concerns.

**Statutory Change:** 326B, 326B.37, 326B.49, 326B.92, 326B.153, 326B.184, Repeal Minnesota Rules Part 1307.0032 and relocate language to 326.184, create sub-division 5

## LABOR AND INDUSTRY DEPT

Change Item: License Consistency - Continue 2010 Leg.

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$68	\$31	\$63	\$37
Revenues	68	31	63	37
Net Fiscal Impact	\$0	\$0	\$0	\$0

### Recommendation

The Governor recommends making the following adjustments to complete the Construction Codes and Licensing Division's licensure fee restructuring initiative adopted in Laws 2010, Chapter 347, Article 3. These items were overlooked in the initial 2010 fee proposal and are needed to fulfill the intent of the original legislation. The adjustments are:

- the fee and license duration for medical gas and vacuum certifications to align with the fee schedule adopted in Laws 2010, Chapter 347, Article 3, Section 4 and the standard two-year duration of licenses, registrations, and certifications authorized in Chapter 326B.
- extending the continuing education and course approval fee requirements to all entities requiring these services from the Construction Codes and Licensing Division (CCLD) pursuant to Minnesota Statute 326B.821.
- incorporates sign contractor bonds into the department of labor and industry's construction codes and licensing activities by requiring a \$100 biennial registration fee when the contractor files a sign contractor bond.
- aligns contractor bonds for performing building sewer and water service installation pursuant to Minnesota Statute 326B.46.
- registers individuals qualified by training to engage in the maintenance, rebuilding, and testing of backflow prevention devices, as regulated in the State plumbing code.

### Rationale

These adjustments are needed to assure complete implementation of the licensure fee restructuring adopted in the 2010, Chapter 347, Article 3 legislation. The changes outlined here are clean-up items intended to bring statutory consistency to all of the CCLD licensure fees and processes. The intent is to allow for greater efficiency, equity, and transparency. The rationale for each separate change is listed below.

#### Medical Gas and Vacuum Certification Fee Adjustment

Adjusting the biennial certification fee to \$40 is consistent with the new CCLD fee schedule and adequately recovers program costs. The current fee is more than what is required to recover program costs and is not consistent with other certifications issued by the construction codes and licensing division.

The medical gas and vacuum certification was enacted (Laws 2010, Chapter 183, Section 8) before legislation restructuring licenses, registrations, and certifications authorized in Chapter 326B was enacted (Laws 2010, Chapter 347, Article 3). This initiative is proposed to align this certification to the fee and license duration standards governing licenses, registrations, and certifications authorized in Chapter 326B. Adoption of these changes is necessary to ensure the department's implementation of administrative processes approved in Laws 2010, Chapter 347, Article 3 to achieve the efficiencies promised.

The current fee is set at \$35 for a one year certification. The proposed fee is \$40 for a two year certification. The agency believes approximately 6,500 plumbers will be eligible for the certification, but approximately 5% will obtain it within the next biennium. The adoption of Medical Gas and Vacuum Certification requirements by the Minnesota Plumbing Board is pending.

This change will result in lower CCLD revenues of \$5,000 per year beginning in fiscal year 2013.

**Extend the Continuing Education and Course Approval Fee**

Currently the Department of Labor and Industry's Construction Codes and Licensing Division has statutory authority to collect fees from some types of continuing education (CE) providers, but not others. Currently residential contractor CE sponsors are required by law to pay fees while the electrical license sponsors are not. This has created both an inequity to continuing education sponsors using CCLD services and reduces the capacity to adequately recover program costs under a fee for service dedicated funding model. To manage continuing education and the diversity of license disciplines, the department is implementing a single, uniform administrative structure to efficiently support all the licenses, registrations, and certifications requiring continuing education. To maintain equity and recover costs, the fees outlined in statute must also be distributed in an equitable and fair manner.

CCLD continuing education currently provides services for 14,000 residential construction, 900 building officials, 100 manufactured home installers, and 40,000 electrical licensees. The legislature has authorized continuing education hours for approximately 12,000 licensed plumbers and 32,000 licensed boiler engineers.

- CCLD anticipates this change will affect 99 course sponsors. The fee for approving a course sponsor is \$100 once every two years. The average annual revenue is estimated to be: \$4,950. It is anticipated most of the sponsors will register in the first year of the biennium.
- Approximately 200 course hour approvals will be required per year at a cost of \$20 per credit hour. The additional annual revenue is expected to be: \$4,000.

Implementation of the single, uniform administrative structure for administering continuing education for licenses, registrations, and certifications authorized in Minnesota Statutes Chapter 326B will be January 1, 2012 in conjunction with administrative changes to these licenses enacted in Laws 2010, Chapter 347, Article 3.

**Sign Contractor Bond Incorporation into Licensure**

This recommendation establishes a two-year registration period for bonds filed with the department and a biennial registration fee of \$100 to coincide with the biennial period of the bond as changed in Chapter 347, Article 3, Section 48 of the 2010 Session Laws.

This change is needed as part of the CCLD consolidation effort. Registration of sign contractor bonds was enacted in 1997 and assigned to the department of commerce to administer. The registration is voluntary on the part of the sign contractor. By registering their bonds with the department, sign contractors avoid having to file a separate bond in each local governmental jurisdiction in Minnesota that requires sign contractors to file a bond. Absent from the existing law is a registration period and fee, which this initiative resolves.

With the consolidation and restructuring of licenses, registrations and certifications in Minnesota Chapter 326B, all licenses, registrations, and certifications authorized in Chapter 326B will be administered pursuant to provisions of Minnesota Statutes 326B.091 to 326B.097, including the registration of sign contractor bonds. The difference is that sign contractors, under current law, would do so without paying a registration fee to cover their registration costs. This initiative brings the sign contractors into alignment with all other businesses registering a bond with the department.

There are currently 112 sign contractor bonds registered with the department of labor and industry. The proposed change in registration period and fee would go into effect on January 1, 2012 along with sections of Minnesota Statutes 326B.091 to 326B.097, which consolidates and restructures the licenses, registrations, and certifications authorized in Chapter 326B.

This change item will recover administrative costs through the implementation of a \$100 biennial registration fee, which will recover an average of \$5,600 per fiscal year or \$11,200 per biennium. This initiative clarifies that sign contractor bond registration is included in the registration requirements, processes and fees (Minn. Stats. 326B.091 to 326B.097) enacted by the 2010 legislature, which consolidated and restructured fees and administration of licenses, registrations, and certifications authorized in Chapter 326B.

**Align Contractor Bond for Performing Building Sewer and Water Service**

This proposed change is to correct an omission made in Laws 2010, Chapter 347, Article 3, Section 29, which limited the process for submitting a plumbing contractor bond to a plumbing contractor or restricted plumbing contractor, whereas under current law a master plumber, restricted master plumber, or certified pipe layer could submit those bonds. Eliminated by this change was the method for pipe layers to legally purchase a bond so they could continue installing building sewer and water service piping as they currently do.

Prior to last year's changes, which become effective January 1, 2012, a certified pipe layer, who did not need to be registered, could purchase a plumbing bond and do this work. The intent of this change is to correct the error which would exclude them from their traditional work.

Under the current law a certified unlicensed pipe layer annually pays a \$40 bond filing fee to act as a business.

The net additional fees paid by these contractors will be:

$\$50 - \$40 = \$10$  per year,  $\$10 \times 710$  contractors =  $\$7,100$

The clear intent of the 2010 legislation was the restructuring of administrative processes and better alignment of licenses, registrations and certifications across the construction disciplines. A clear unintended consequence of this legislation was the inadvertent removal of pipe layers from performing building sewer and water service installations, despite their clear statutory authority to do so, because no contractor provision was enacted to replace their current ability to file a plumbing contractor code compliance bond. This initiative would become effective on January 1, 2012, the same as the license restructuring changes enacted in 2010 Laws, Chapter 347, Article 3.

The estimated additional revenue from this change is expected to be \$7,100 in fiscal year 2012 and \$7,100 in fiscal year 2013. Fees will be collected on a biennial basis.

**Backflow Prevention Devices**

Minnesota's plumbing code requires individuals that test and maintain backflow prevention devices, pursuant to Minnesota Rule 4715.2161, to record their "backflow preventer tester identification number" on a test/inspection tag affixed to the backflow prevention device. Periodically, the tag must be submitted to the administrative authority as documentation that the device has been properly tested and maintained.

The department of labor and industry inherited a procedure for issuing "backflow preventer tester identification numbers" from the department of health in 2005 with the consolidation of plumbing licensure and inspections into the department's construction codes and licensing division. No statutory authorization, however, existed for registering individuals or issuing "backflow preventer tester identification numbers." This initiative provides statutory authorization to the department to register individuals authorized to maintain, rebuild, and test backflow prevention devices. There will be some additional start-up costs to transition the licensees into the new process.

Mandatory registration enables the department to issue a "backflow preventer tester identification number," which individuals maintaining, rebuilding, and testing must write on a tag affixed to a backflow prevention device when performing one of these tasks.

By charging individuals a \$20 biennial registration fee, this initiative will enable the department of labor and industry to appropriately register individuals and issue backflow prevention tester identification numbers, which is currently performed at no charge. The effective date will coincide with the January 1, 2012 implementation of the department's reconfigured administrative processes and fee structure enacted in 2010 (Laws 2010, Chapter 347, Article 3).

Estimated average annual fiscal year impact of the approximate 3,000 individuals that will be registered is \$30,000 at an annual registration fee of \$10 per year. The registrations are done biennially for \$20 per registration. Additional revenue is expected to be \$44,000 in fiscal year 2012 and \$16,000 in fiscal year 2013.

Note: This adjustment is expected to increase the Office of Enterprise Technology Surcharge revenue approximately \$2,000 in fiscal year 2012 and about \$1,000 in fiscal year 2013.

**Additional Expenses from These Recommendations**

The CCLD is currently performing activities required to process and register many of the individuals and business identified in this change request; however, the costs of performing these activities is not being properly recovered. The original licensure restructuring proposal adopted in Laws 2010, Chapter 347, Article 3 implemented a fee for service model to create efficiency, equity, and transparency to all licensed and registered individuals and businesses. This follow-up request completes this effort. The additional program costs for this proposal include some additional staff time, mailings, web updates, and other ongoing costs required by the CCLD fee for service framework.

**Key Goals and Measures**

The primary goals of these requests are to bring consistency and alignment of all licensing activities to all licensure activities adopted in Laws 2010, Chapter 347, Article 3. The changes are expected to bring greater efficiency, equity and transparency to the licensure and registration processes.

Measure for success with this initiative is whether the CCLD can achieve a transparent and fair fee for service licensure delivery system that provides greater citizen satisfaction and lower operational costs.

**Statutory Change:** Minnesota Statute 326B.438, 326B.821, 326B.091 to 326B.097, 326B.46,

**Program Description**

The purpose of the Safety and Workers' Compensation Division is to make sure every worker in the state of Minnesota has a safe and healthful workplace and to assure in an equitable and impartial manner, the quick and efficient delivery of benefits to injured workers at a reasonable cost to employers.

**Services Provided**

This program includes the following budget activities:

- Workers' Compensation Division
- MNOSHA, Compliance & Consultation

# LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>Workers Compensation</b>					
Current Appropriation	14,890	14,890	14,890	14,890	29,780
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			(58)	(58)	(116)
Subtotal - Forecast Base	14,890	14,890	14,832	14,832	29,664
<b>Total</b>	<b>14,890</b>	<b>14,890</b>	<b>14,832</b>	<b>14,832</b>	<b>29,664</b>
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Workers Compensation	14,168	15,496	14,832	14,832	29,664
<b>Open Appropriations</b>					
Workers Compensation	70,346	70,467	70,467	70,467	140,934
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	82	31	31	31	62
Federal	5,041	5,105	5,096	5,096	10,192
Federal Stimulus	24	142	0	0	0
Workers Compensation	3,086	3,029	2,934	2,934	5,868
<b>Total</b>	<b>92,747</b>	<b>94,270</b>	<b>93,360</b>	<b>93,360</b>	<b>186,720</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	16,105	17,262	16,985	17,137	34,122
Other Operating Expenses	4,274	4,584	3,951	3,799	7,750
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	1,991	1,918	1,918	1,918	3,836
<b>Total</b>	<b>92,747</b>	<b>94,270</b>	<b>93,360</b>	<b>93,360</b>	<b>186,720</b>
 <b><u>Expenditures by Activity</u></b>					
Workers Compensation	80,655	82,183	81,424	81,424	162,848
Osha Safety And Consultation	12,092	12,087	11,936	11,936	23,872
<b>Total</b>	<b>92,747</b>	<b>94,270</b>	<b>93,360</b>	<b>93,360</b>	<b>186,720</b>
 <b>Full-Time Equivalents (FTE)</b>	 <b>219.6</b>	 <b>226.2</b>	 <b>223.2</b>	 <b>223.2</b>	

**Activity at a Glance**

- Resolved 6,936 disputes involving employees, insurers, employers, health care providers, and others
- Continued reduction in the self insured assessment rate from 25.7% in 2005 to 22.4% in 2010
- Conducted 1,045 mandatory coverage investigations and issued 663 penalties for failure to insure, collecting \$1,392,235
- Provided vocational services for an average of 383 injured workers each month, with an average length of services of 311 days, average cost of \$4,788 a client, 77% positive results, and a return-to-work wage restoration of 98%; collected \$561,196 in revenue from insurers
- Assessed 2,534 penalties and recovered \$3.08 million in additional benefits for injured workers
- Maintained more than 1.8 million workers' compensation claim files; imaged 3.1 million pages of mail

**Activity Description**

The Workers' Compensation Division exists to assure the quick and efficient delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers.

**Population Served**

The Workers' Compensation Division serves injured workers, employers, insurers, claims administrators, independent contractors, attorneys, health care and rehabilitation service providers, certified managed care organizations, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, the state Supreme Court, and other state agencies.

**Services Provided**

**Dispute resolution** resolves disputed issues among employers, insurers, injured workers, medical providers, and other parties to a workers' compensation claim. The focus is on early dispute-resolution by providing mediators to staff a hotline about the workers' compensation system, facilitate communication between the parties, and intervene to resolve situations that might otherwise grow into larger disputes. The Workers' Compensation Division's staff conducts administrative conferences for rehabilitation disputes and medical disputes for disputes of less than

\$7,500. At the conference, the parties are first given an opportunity to relay their position about the dispute and offer any documentation in support of their position. The mediator attempts to move the parties to a voluntary resolution of the issue. If an agreement is not possible, a decision and order is issued. Since 1983, the Workers' Compensation Division has provided mediation services, a powerful dispute-resolution tool. The dynamics involved when a neutral third-party mediator assists the parties in evaluating and framing their settlement position results in a very high resolution-rate.

**Assessment collection** collects assessments through an insurer premium surcharge and self-insured assessment. This money funds ongoing obligations, including \$60.6 million in future benefits paid under the uninsured, second-injury, and supplementary benefits programs, as well as funding the operating budget for the Workers' Compensation Division, MNOSHA, a portion of DLI general support, the Workers' Compensation portion of the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, and a portion of the Department of Commerce.

**Special claims administration** acts as a safety net, with staff members administering workers' compensation benefits to injured workers whose employers did not have workers' compensation insurance at the time of injury. DLI serves as the insurer and the staff manages these claims in a fashion similar to an insurance company. Recovery is pursued against the uninsured employer and actions taken to promote compliance with the mandatory coverage law. DLI also administers asbestosis medical claims and pays benefits to injured employees of certain self-insured employers that went bankrupt prior to the start of the Self-insured Security Fund (SISF). Insurers and employers are reimbursed for payments made to employees under the second-injury and supplementary benefits programs. Although these programs were discontinued for injuries occurring after 1995 and 1992, respectively, it is estimated payments under these programs will continue to be made on a declining basis until approximately 2050.

**Vocational rehabilitation** services are provided to injured workers: whose workers' compensation claims were denied; whose rehabilitation services were suspended; who qualify for services paid by insurance carriers or self-

## LABOR AND INDUSTRY DEPT

**Program:** WORKERS COMPENSATION DIVISION

**Activity:** WORKERS COMPENSATION

Narrative

insured employers; or who are awaiting a decision about eligibility for workers' compensation benefits. The division works with the injured worker, treating physician, and employer to determine eligibility. It works with eligible individuals in developing a return-to-work plan and coordinates activities with health care professionals. In addition, the division works with injured workers to develop job skills needed to return to work either to the same or new employer.

**Enforcement** carries out the statutes that provide for fines and penalties to be directed at noncompliant employers, insurers, vocational rehabilitation providers, and health care providers. Workers' compensation claims are audited to ensure compliance and assessment of a variety of penalties against parties in the workers' compensation system. Employers can be penalized for failing to obtain workers' compensation insurance, failing to post required information, failing to timely report an injury, and falsifying insurance information. Insurers can be penalized for failing to timely pay or deny benefits, failing to file required information, denying benefits without proper notice, failing to respond in a timely manner, and late filing or payment of assessments. Vocational and health care providers can be penalized for professional misconduct and failing to comply with the numerous rules defining their activities. Penalties may be directed at employers, insurers, vocational rehabilitation providers, and health care workers for failing to release requested medical data in a timely fashion. In addition to penalties, workers' compensation claims are reviewed for compliance in situations where penalties may not be appropriate. Insurance carriers are contacted regarding these files, resulting in \$3.08 million in additional benefits to injured workers. The following links provide detailed reports regarding enforcement:

[http://www.dli.mn.gov/WC/PDF/fines\\_penalties\\_report09.pdf](http://www.dli.mn.gov/WC/PDF/fines_penalties_report09.pdf) and [www.dli.mn.gov/WC/PDF/prompt09.pdf](http://www.dli.mn.gov/WC/PDF/prompt09.pdf)

**Insurance coverage** enforces the state's workers' compensation mandatory insurance coverage law through the investigation and assessment of appropriate penalties against employers that fail to comply with the law requiring workers' compensation insurance coverage. It provides research for both the public and internal claims management for pre- and post-1985 requests regarding insurance verification.

**Data management** maintains the workers' compensation electronic document system and processes requests for copies of workers' compensation files to authorized clientele.

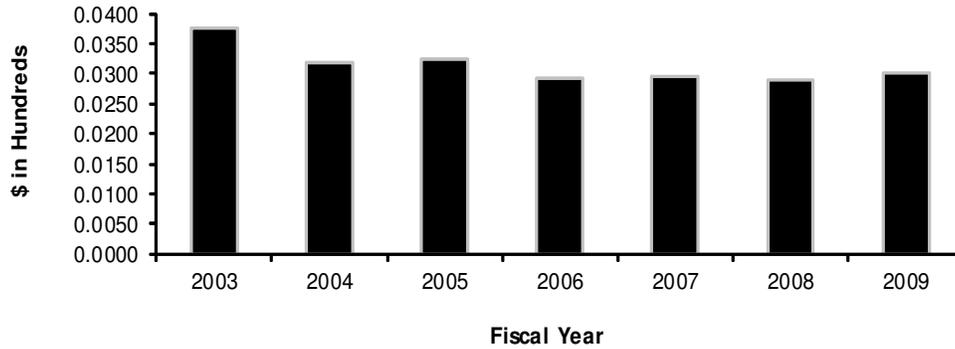
**Vinland grant** is administered and overseen, a \$200,000 grant funded through the Special Compensation Fund to provide vocational evaluation, assessment, job placement, and other services at the Vinland Center, for injured workers referred by the DLI Vocational Rehabilitation unit.

### Key Activity Goals & Measures

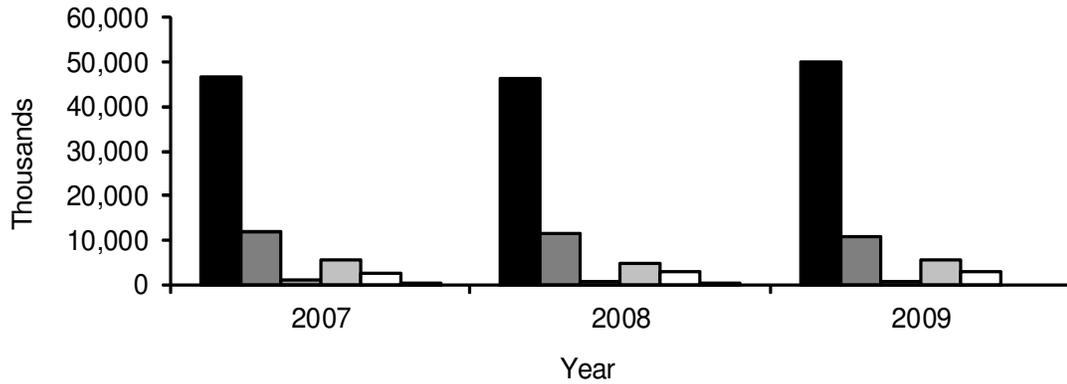
The Workers' Compensation Division focuses on the following goals:

- efficient management of benefit dollars with a goal of continued decreases in the assessment rate;
- maximization of the impact of statutory compliance enforcement;
- developing timely and effective benefit resolution by identifying opportunities where alternative dispute-resolution strategies will have the greatest impact;
- promoting an understanding of the workers' compensation system in Minnesota's workplaces;
- ensuring employers have appropriate workers' compensation insurance; and
- continuing reduction in administrative expenses per \$100 of payroll, yearly.

**Workers' Compensation Administrative Expense per \$100 of Payroll, by Fiscal Year**

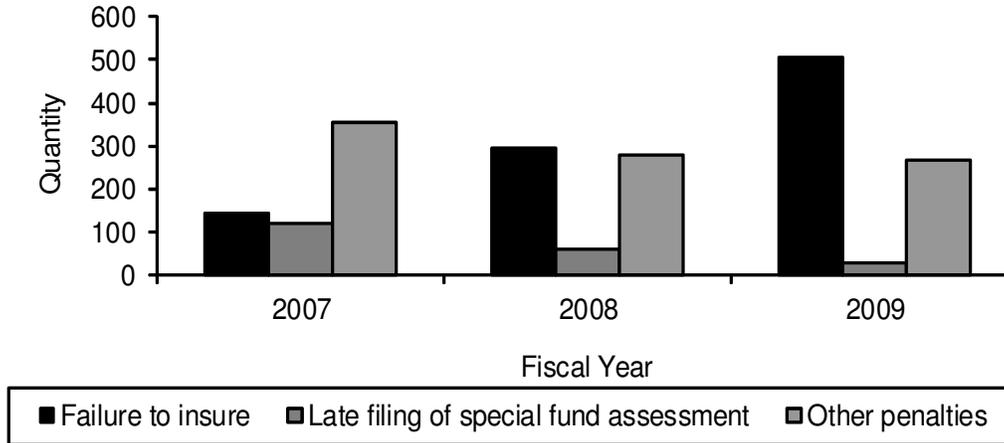


**Benefits Paid**

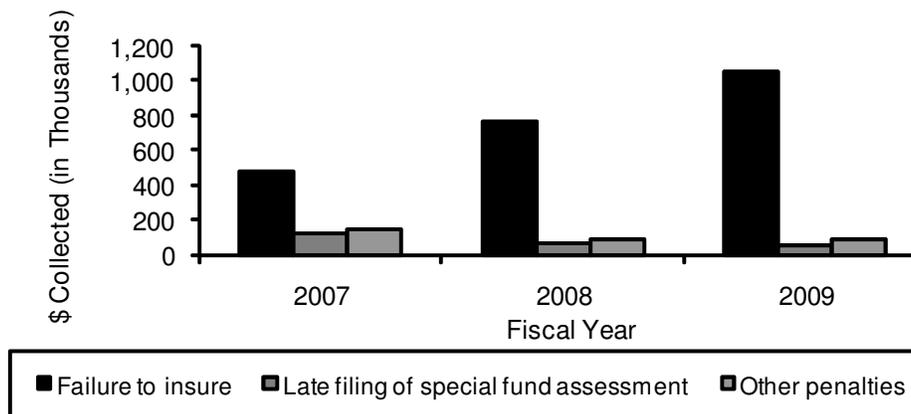


- |                          |                    |
|--------------------------|--------------------|
| ■ Supplementary benefits | ■ Second Injury    |
| ■ Asbestos               | ■ Uninsured        |
| ■ Bankrupt Self Insured  | ■ Temporary Orders |

**Penalties Issued**



**Penalties Collected**



**Historical Perspective**

The workers' compensation system continues to evolve since the major legislative changes in 1995. There has been a 34% decrease in workers' compensation claims, which equated to a 25% decrease in staffing levels. This, paired with the discontinuance of two major benefit programs and efficient claims administration, has allowed for the continued decrease in assessment rates employers pay on their workers' compensation insurance premiums, which fund the Special Compensation Fund.

**Activity Funding**

The Workers' Compensation Division is funded by an appropriation from the workers' compensation fund. Funding is collected from an insurer premium surcharge, self-insured assessment, recoveries from uninsured employers, fees for copy file review, and registration fees. Penalty dollars collected are deposited into the Assigned Risk Safety Account and are dedicated for workplace safety programs.

**Contact**

For more information, contact the Workers' Compensation Division by phone at (651) 284-5372 or toll-free at 1-800-DIAL-DLI (1-800-342-5354), via e-mail at [dli.workcomp@state.mn.us](mailto:dli.workcomp@state.mn.us) or online at <http://www.dli.mn.gov>.

# LABOR AND INDUSTRY DEPT

## Program: WORKERS COMPENSATION DIVISION

Activity: WORKERS COMPENSATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Workers Compensation	9,998	11,323	10,659	10,659	21,318
<b>Open Appropriations</b>					
Workers Compensation	70,346	70,467	70,467	70,467	140,934
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	79	28	28	28	56
Workers Compensation	232	365	270	270	540
<b>Total</b>	<b>80,655</b>	<b>82,183</b>	<b>81,424</b>	<b>81,424</b>	<b>162,848</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	8,663	9,266	9,096	9,248	18,344
Other Operating Expenses	1,415	2,211	1,622	1,470	3,092
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	200	200	200	200	400
<b>Total</b>	<b>80,655</b>	<b>82,183</b>	<b>81,424</b>	<b>81,424</b>	<b>162,848</b>
<b>Full-Time Equivalents (FTE)</b>	<b>121.2</b>	<b>124.3</b>	<b>121.3</b>	<b>121.3</b>	

**Activity at a Glance**

- Jurisdiction of more than 2.6 million Minnesota workers and 168,000 private and public-sector employers
- Conducts 4,200 safety and health inspections and consultations annually
- Responds (within 24 hours) to an average of 20 fatalities each year
- Responds to an average of 500 complaints each year
- Provides annual outreach sessions impacting more than 20,000 employers and employees

**Activity Description**

More than 240 workers are injured at work each day in Minnesota. The Minnesota Occupational Safety and Health Administration (MNOSHA) is striving to eliminate workplace injuries, illnesses, and deaths, so all of Minnesota's workers can return home safely at the end of the workday. To support this vision, MNOSHA believes workplaces must be characterized by a genuine, shared commitment to workplace safety by employers and workers, with necessary training, resources, and support systems devoted to achieving this outcome. MNOSHA compliance and consultation activities are focused toward industries with the highest injury and illness rates. Additionally, MNOSHA provides a network of occupational safety and

health services to assist employers and employees to voluntarily comply with the Occupational Safety and Health Act. These services assist in education, identification, and elimination of safety and health hazards, and the implementation of effective workplace safety and health programs.

**Population Served**

Nearly all Minnesota workers and employers are served by MNOSHA compliance and consultation. With the exception of federal agencies and exclusive federal-jurisdiction properties, all public and private employers in Minnesota are covered under the MNOSHA program. MNOSHA compliance concentrates inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. MNOSHA consultation efforts focus on small- and medium-sized employers. The results of these combined efforts are demonstrated in the continued decline of Minnesota injury and illness rates.

**Services Provided**

**Inspections and consultations:** On average, MNOSHA compliance investigators conduct 2,500 inspections annually, 500 of these in response to employee complaints. Seventy percent of the inspections conducted result in violations. Approximately 75% of the violations issued are classified "serious." MNOSHA consultants conduct an average of 1,700 free and confidential on-site visits to aid employers in their compliance efforts, hazard recognition, and safety programs. MNOSHA investigates every workplace fatality that has an employer/employee relationship; on average, MNOSHA conducts 20 fatality inspections annually. Penalties are assessed in accordance with state law, including minimum penalties if the violation caused or contributed to the fatality. MNOSHA continues to create incentives for employers to address safety and health issues through strong, fair, and effective enforcement of safety and health regulations. MNOSHA focuses a major portion of its programmed (routine) inspections in emphasis industries identified to have the most impact in reducing injuries, illnesses, and fatalities.

**Discrimination prevention:** Employers are prohibited from discriminating against employees who exercise their rights under the MNOSHA Act. On average, the discrimination unit responds to 150 inquiries and allegations annually. Typically, five cases are found to have merit and are settled without litigation.

**Exemption and recognition programs:** The Minnesota STAR (MNSTAR) program and Minnesota Safety and Health Achievement Recognition Program (MNSHARP) are designed to recognize and promote effective, systematic safety and health management. A hallmark of both MNSTAR and MNSHARP is the principle that management, labor and OSHA work together in a spirit of cooperation and trust in pursuit of a safe and healthful workplace. MNSTAR and MNSHARP worksites have successfully designed, implemented, and continually improved their excellent safety and health management systems. Participants in MNSTAR and MNSHARP have injury and illness rates below the national average for their industry. MNSTAR and MNSHARP participants have reported workers' compensation claims savings of \$1.8 million and \$1.1 million, respectively.

**Outreach and training:** MNOSHA fulfills legislative intent by conducting and participating in workshops and safety conferences to educate employers and employees about workplace safety and health hazards, and the OSHA regulations addressing them. More than 20,000 employees and employers are impacted by more than 600

## LABOR AND INDUSTRY DEPT

**Program:** WORKERS COMPENSATION DIVISION

**Activity:** OSHA SAFETY AND CONSULTATION

Narrative

sessions annually. MNOSHA works closely with leading organizations in the field of workplace safety and health: the Minnesota Safety Council, the Midwest Center for Occupational Health and Safety, the Minnesota Health and Housing Alliance, the Associated General Contractors of Minnesota, Associated Builders and Contractors of Minnesota, and the American Society of Safety Engineers. In addition, MNOSHA conducts five Construction Breakfast seminars annually. The seminars provide a forum for members of the construction trades and their employers to discuss issues and experiences with the presenter, their peers, and MNOSHA investigators. A focus group consisting of representatives from the construction industry, insurance industry, safety directors, and safety consultants works with MNOSHA to select safety topics and presenters for each event. MNOSHA publishes *Safety Lines*, a quarterly newsletter that's online at [www.dli.mn.gov/OSHA/SafetyLines.asp](http://www.dli.mn.gov/OSHA/SafetyLines.asp). Subjects covered in the past year included most frequently cited standards, fatality cases, winter driving, heat stress, fall protection, mobile shelving systems, recordkeeping and statistics, and frequently asked questions.

**Homeland security:** MNOSHA continued to participate on the State Emergency Response Committee addressing topics including H1N1 outbreaks and spring flooding in northwest Minnesota. Revisions to the Minnesota Emergency Operations Plan are submitted annually. Recent editions clarified the responsibilities of MNOSHA and DLI's Construction Codes and Licensing Division.

**Stakeholder service:** Every business day, MNOSHA has three safety and health professionals on duty to answer questions received primarily through phone calls and e-mail. MNOSHA responded to approximately 2,500 phone calls and 4,100 written requests for assistance last year. A majority of these inquiries are answered within one day. Most inquiries were received from employers, consultants, or other individuals requesting safety and health information. The information requested covers a wide variety of topics, which is why MNOSHA continues to use its professional staff to answer these calls. MNOSHA also provides a variety of safety and health information on its Web pages at [www.dli.mn.gov](http://www.dli.mn.gov), including printable handouts and information about its audio-visual library. MNOSHA also provides links to other Web sites where safety and health regulations and other information can be accessed.

**LogSafe:** This program provides safety training to Minnesota loggers. On average, 2,800 employees are trained annually.

**Safety grants:** The Safety Hazard Abatement Grant Program allows businesses to receive matching grants to reduce the risk of injury and illness to its workers. Approximately 200 grants are awarded annually.

### Historical Perspective

In establishing OSHA, Congress specifically encouraged states to develop their own occupational safety and health programs to provide enforcement, research, and compliance assistance activities. The 1970 Occupational Safety and Health Act authorized states to administer a state-operated program for occupational safety and health, provided the programs are "at least as effective" as federal OSHA. Today, there are 27 states and territories that operate a state-plan program for workplace safety and health, and work together through the Occupational Safety and Health State Plan Association (OSHSPA). The MNOSHA program was established by the Minnesota Legislature in 1973, with final approval from federal OSHA in 1985.

As a state-plan state, Minnesota has been able to use a multidisciplinary approach to workplace safety and health to develop state-specific initiatives to enhance the protection of Minnesota workers. A few examples of these state specific initiatives include: A Workplace Accident and Injury Reduction (AWAIR) program (Minnesota Statutes 182.653 subd. 8; Minnesota Rules 5208.1500); Employee Right-to-Know (Minn. Rules Chapter 5206); employer-paid personal protective equipment (M.S. 182.655, subd. 10a); local emphasis programs – state-specific industry or activity targeting programs for compliance and consultation activities; 75/25 program – a penalty-reduction incentive program. MNOSHA has also developed rules about safety committees, recordkeeping, confined spaces in construction, lockout devices in construction, permissible exposure limits, process safety management, and powered industrial trucks.

### Key Activity Goals & Measures

MNOSHA's mission is to improve workplace safety and health by:

- reducing hazards through compliance and consultation inspections;
- reducing the rate of workplace fatalities, injuries, and illnesses across the state of Minnesota;

# LABOR AND INDUSTRY DEPT

**Program:** WORKERS COMPENSATION DIVISION

**Activity:** OSHA SAFETY AND CONSULTATION

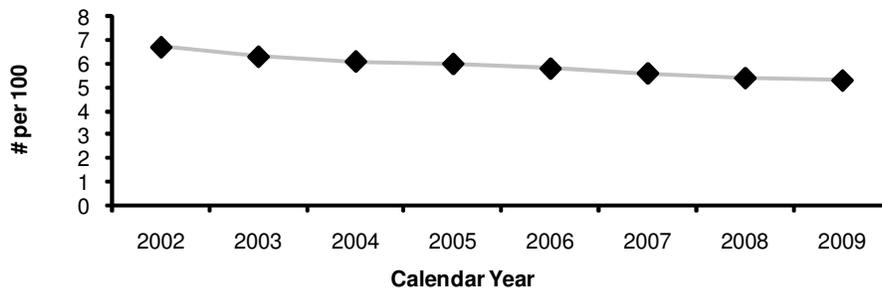
Narrative

- promoting safety and health through inspections, assistance, outreach, and cooperative programs; and
- strengthening effectiveness and efficiency by showing a reduction in injury and illness rates, continuing to increase public confidence.

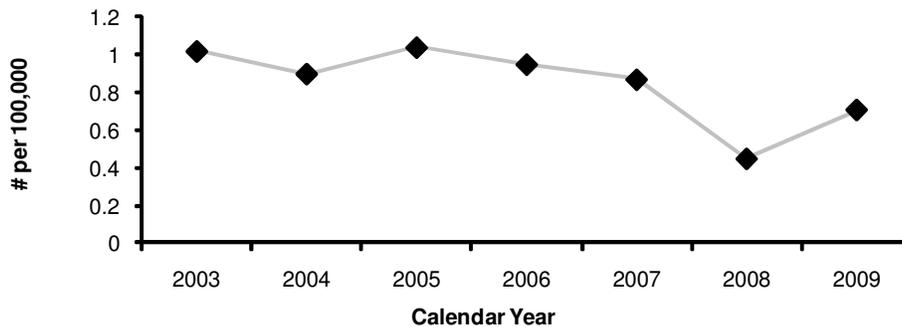
The MNOSHA strategic plan can be found at [www.dli.mn.gov/OSHA/PDF/09-13mnoshaplan.pdf](http://www.dli.mn.gov/OSHA/PDF/09-13mnoshaplan.pdf); MNOSHA's accountability measures can be found at [www.accountability.state.mn.us/Departments/LaborIndustry/Goals.htm](http://www.accountability.state.mn.us/Departments/LaborIndustry/Goals.htm).

The quantity of inspections conducted and the constituents provided with training are critical to the reduction in workplace injuries, illnesses, and fatalities.

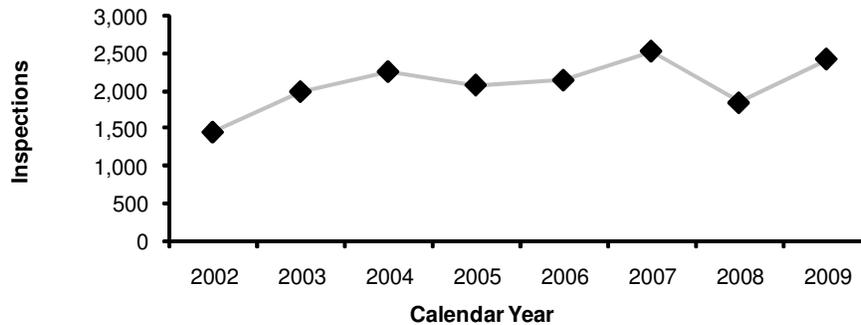
**Workers' Compensation Injuries and Illnesses per 100 Employees, by Year of Injury**



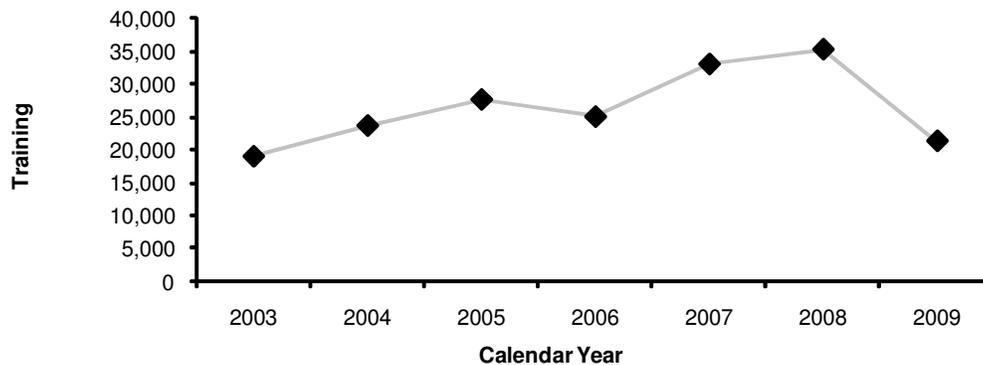
**Workplace Fatalities per 100,000 Jobs, by Calendar Year**



**Number of Programmed OSHA Compliance Inspections**



**Number of Individuals Receiving OSHA Training, by Calendar Year**



**Activity Funding**

Congress established a 50% funding level for states that operate their own OSHA program. There is a 90% federal funding level for states that operate their own consultation program. MNOSHA is financed by a federal grant that is matched with an appropriation from the workers' compensation fund. The Loggers' Safety Education program within consultation is funded by an assessment paid by wood mills. The activity generates non-dedicated revenue for the workers' compensation fund through penalties assessed on employers that are not in compliance with MNOSHA standards.

**Contact**

For more information about compliance, contact MNOSHA Compliance by phone at (651) 284-5050 or toll-free at 1-877-470-OSHA (1-877-470-6742), via e-mail at [osha.compliance@state.mn.us](mailto:osha.compliance@state.mn.us) or online at [www.dli.mn.gov](http://www.dli.mn.gov).

For more information about consultation, contact MNOSHA Workplace Safety Consultation by phone at (651) 284-5060 or toll-free at 1-800-DIAL-DLI (1-800-342-5354), via e-mail at [osha.consultation@state.mn.us](mailto:osha.consultation@state.mn.us) or online at [www.dli.mn.gov](http://www.dli.mn.gov).

# LABOR AND INDUSTRY DEPT

## Program: WORKERS COMPENSATION DIVISION

Activity: OSHA SAFETY AND CONSULTATION

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<i>Dollars in Thousands</i>					
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Workers Compensation	4,170	4,173	4,173	4,173	8,346
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	3	3	3	3	6
Federal	5,041	5,105	5,096	5,096	10,192
Federal Stimulus	24	142	0	0	0
Workers Compensation	2,854	2,664	2,664	2,664	5,328
<b>Total</b>	<b>12,092</b>	<b>12,087</b>	<b>11,936</b>	<b>11,936</b>	<b>23,872</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	7,442	7,996	7,889	7,889	15,778
Other Operating Expenses	2,859	2,373	2,329	2,329	4,658
Local Assistance	1,791	1,718	1,718	1,718	3,436
<b>Total</b>	<b>12,092</b>	<b>12,087</b>	<b>11,936</b>	<b>11,936</b>	<b>23,872</b>
<b>Full-Time Equivalents (FTE)</b>	<b>98.4</b>	<b>101.9</b>	<b>101.9</b>	<b>101.9</b>	

**Program at a Glance**

- Adopts 28 sets of rules that establish the minimum construction safety standards for the industry in Minnesota
- Reviews building plans on \$532 million worth of construction for code compliance each year
- Provides more than 450,000 code compliance inspections on about 200,000 construction projects annually
- Evaluates and issues 110,000 licenses to individuals and businesses in the construction industry, biannually

**Program Description**

The primary mission of the Construction Codes and Licensing Division (CCLD) is to promote safe, healthy, durable, and energy efficient living, working, and entertainment environments in Minnesota by establishing construction code standards, maintaining consistent administration of construction codes and licensing construction and code professionals. CCLD oversees and administers plan review, permitting, professional licensing, inspections, education, and enforcement activities for all facets of the building construction industry. The program responsibility also includes amusement ride regulation, building damage assessment after natural disasters, and inspection of boats for hire.

**Population Served**

The division serves the citizens of Minnesota and construction industry stakeholders, such as contractors, design professionals, organized labor, building owners, building managers, and municipal officials.

**Services Provided**

CCLD provides the following services:

- **Licensing** administers, issues, and renews 52 types of construction licenses in eight occupational disciplines and provides exemption certificates to independent contractors in the construction industry. The division administers more than 10,000 examinations yearly and tracks fulfillment of continuing education requirements by the appropriate licensees.
- **Enforcement** investigates complaints regarding people licensed by the agency or matters subject to the agency's authority. The division works to resolve complaints and takes disciplinary action against both licensees and unlicensed individuals when violations are proven. The division investigates and monitors proper code enforcement at the local level.
- **The recovery fund** administers the residential contractor recovery fund. This account is funded by a surcharge on licenses for residential contractors and can be accessed to reimburse homeowners who have been harmed by the actions of licensed residential contractors where other means of reimbursement have failed.
- **Inspection** inspects boilers, pressure vessels, high-pressure piping, plumbing systems, electrical systems, elevators, amusement facilities, building components, and state-owned or licensed facilities and schools. Inspections are performed through a permit process to assure safe design, operation, and installation of equipment and piping.
- **Plan review** reviews construction documents for state-owned or licensed facilities, schools, and plumbing systems to ensure compliance of minimum safety standards.
- **Manufactured structures** regulates manufactured housing (mobile homes) and prefabricated commercial and residential structures, and performs plant and dealer lot inspections. The division is the state administrative authority for the federal Department of Housing and Urban Development (HUD).
- **Code development** adopts recognized national codes and standards, and amends specific sections to address industry, legislative, and geographic requirements. The division assists municipalities in code adoption, interpretation, enforcement, and training needs. The division uses stakeholder advisory committees to assist in updating the codes.
- **Training and education** delivers training and educational seminars across the state for stakeholders in the construction industry. The division has responsibility for instructor and program approval when continuing education credit is required for a license category.
- **Boards** provide funding and administrative support to three authoritative industry boards that have authority to adopt rules regulating the plumbing, electrical, and high-pressure-piping industries.
- **Amusement rides** verifies annual inspections of more than 600 amusement rides and inspects more than 400 carnivals and fairs.
- **Natural disaster assistance** conducts damaged building safety evaluations in communities that have undergone a natural wind or flood event, upon request from a local jurisdiction.

**Historical Perspective**

CCLD is the result of a 2005 five-executive-agency consolidation of construction-related codes and licensing activities to provide a one-stop shop for the construction industry in Minnesota. The goals of the consolidation were to improve the effectiveness of state services in the regulation of businesses and individuals through the reduction of duplication and improved coordination in permitting, building plan review, construction inspections, code development, industry education, enforcement, and licensing processes across the entire construction industry. Early post-consolidation efforts involved the elimination of many redundancies by aligning similar functional activities through organizational restructuring and the implementation of a uniform dedicated fee for service funding structure to support all program activities. More recent efforts involve the implementation of integrative automated systems and the complete statutory restructuring of licensing fees and processes to be effective Jan. 1, 2012. These efforts are intended to provide greater transparency, accountability, and service efficiency to regulated entities and citizens. Improved program service capabilities are evolving during a period of severe economic stress in the construction industry.

Current economic conditions have resulted in funding reductions because CCLD relies on dedicate fees from construction activity. Accordingly, CCLD has reprioritized and downsized its program activities. CCLD has focused diminishing resources on critical inspection, plan review, code enforcement, licensing activities, and efficiency improvements to assure citizen safety and continued quality construction in Minnesota while absorbing reductions through program cutbacks and layoffs.

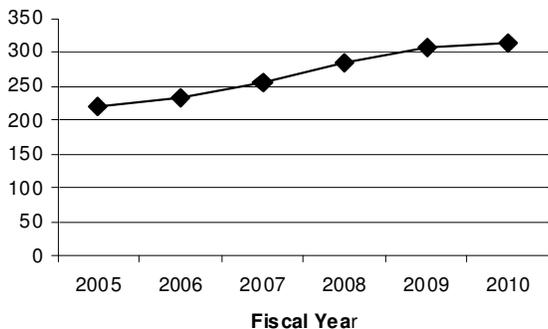
**Key Program Goals & Measures**

CCLD's mission is to:

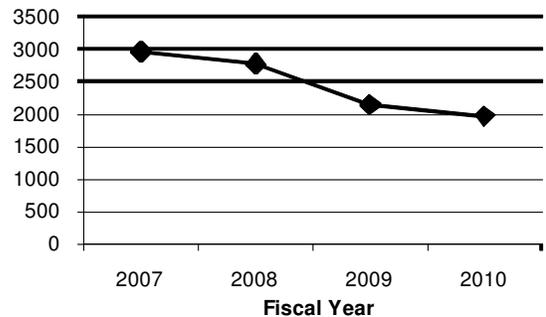
- ensure, through a quality licensure program, that individuals and businesses performing construction and critical building maintenance activities in Minnesota are qualified to deliver high compliance with laws, codes, and standards for occupant health and safety, energy efficiency, and cost effectiveness;
- respond to and resolve formal complaints against the regulated construction industry and licensed individuals to assure construction codes standards are followed and violators are effectively dealt with according to law;
- provide comprehensive plan reviews in a timely basis so buildings and their subsystems are designed to comply with applicable safety codes while contributing to cost-effective construction schedules;
- provide timely inspection of installations to enable related construction and operation to proceed on schedule; and
- provide training to the regulated construction industries to keep them abreast of adopted standards and improve uniformity of compliance and enforcement.

The charts below show the number of plans reviewed.

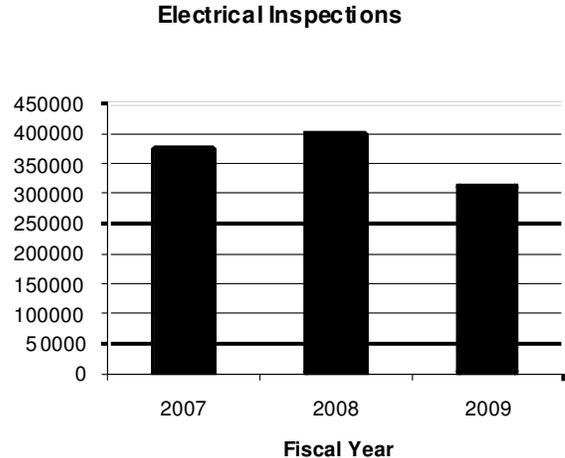
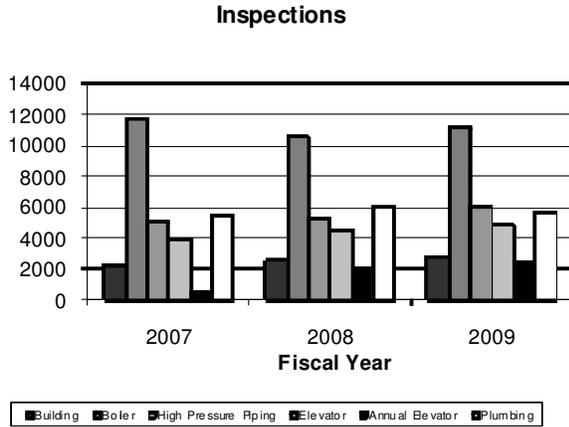
**Building Plans Reviewed**



**Plumbing Plans Reviewed**



The charts below show the number of inspections made. The annual elevator inspection program began in 2007. Electrical inspections are performed under professional technical contracts and not by state employees. Although the number of inspections vary, the administrative/support work by state employees remains more constant.



Boiler inspections are primarily performed on existing objects and are impacted more by the general economy than by construction economy trends.

**Program Funding**

CCLD is funded through a special revenue fund and operates on a fee-for-service model. Fees are collected from the industry stakeholders and deposited in the Construction Code Fund established in the state treasury. Fees collected are used to fund the direct services provided.

**Contact**

For more information, contact CCLD by phone at (651) 284-5012 or 1-800-DIAL-DLI (1-800-342-5354), via e-mail at [dli.communications@state.mn.us](mailto:dli.communications@state.mn.us) or online at [www.dli.mn.gov](http://www.dli.mn.gov).

# LABOR AND INDUSTRY DEPT

Program: CONSTRUCTION CODES & SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
State Government Spec Revenue	22,603	23,257	24,929	25,173	50,102
Miscellaneous Special Revenue	3,093	3,239	3,531	3,531	7,062
Workers Compensation	317	213	0	0	0
<b>Total</b>	<b>26,013</b>	<b>26,709</b>	<b>28,460</b>	<b>28,704</b>	<b>57,164</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	10,923	11,250	12,398	12,643	25,041
Other Operating Expenses	15,027	15,459	16,062	16,061	32,123
Local Assistance	63	0	0	0	0
<b>Total</b>	<b>26,013</b>	<b>26,709</b>	<b>28,460</b>	<b>28,704</b>	<b>57,164</b>
<b><u>Expenditures by Activity</u></b>					
Construction Codes & Services	26,013	26,709	28,460	28,704	57,164
<b>Total</b>	<b>26,013</b>	<b>26,709</b>	<b>28,460</b>	<b>28,704</b>	<b>57,164</b>
<b>Full-Time Equivalent (FTE)</b>	<b>129.9</b>	<b>127.1</b>	<b>139.9</b>	<b>139.4</b>	

**Program at a Glance**

- Provides support to approximately 460 agency employees located statewide
- Administers \$134 million budget (FY 2010)
- Facilitates nearly 5.3 million Web hits (CY 2009)
- Maintains workplace injury survey response rate of 100%
- Responds to 120 requests for statistical data annually
- Represents DLI programs in more than 480 legal cases annually

**Program Description**

The General Support Division supports internal customers in the following management areas

- policy development, research and statistics;
- information technology;
- legal advice and litigation;
- financial management;
- communications; and
- human resources.

**Population Served**

This division serves agency programs that focus on the needs of workers, builders, building owners, and employers in Minnesota.

**Services Provided**

The **Policy Development, Research and Statistics** unit collects, analyzes, and reports workplace safety, workers' compensation, and workplace standards data. To assist in creating safer workplaces, it surveys employers to estimate work-related injury and illness rates. The unit annually produces three major statistical reports and conducts performance measurement, customer satisfaction surveys, and policy research.

The **Information Technology Services** unit provides technology to support agency operations. With the security of department data a priority, work includes hardware and software support of the agency's major applications and the equipment used by employees. The unit works cooperatively with the Office of Enterprise Technology and other state agencies to accomplish technological efficiencies.

The **Office of General Counsel** provides legal services primarily to the Commissioner's Office and other agency staff members to ensure: decision-making is legally informed; information the agency disseminates is legally accurate; proposed rules and legislation comply with the law, are clearly drafted, and are reasonable; the agency's investigations are conducted in accordance with applicable law; the agency's enforcement actions are resolved effectively, whether by settlement or litigation; and the workers' compensation fund's liabilities for second-injury, supplementary benefits, and uninsured claims are appropriately defended. The *Office of General Counsel* also provides legal advice to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems.

The **Financial Services** unit provides financial management services, including budgeting, accounts payable, accounts receivable, cashier, payroll, purchasing, and financial reporting. Fee reviews are conducted to ensure proper collection of revenues and expenditures. The unit also collects the annual assessment and pays all benefits for the workers' compensation fund.

The **Communications** unit manages the agency's communications program, including all internal and external publications, media relations, and Internet/intranet pages.

The **Human Resources** unit manages the following functions to ensure a productive and inclusive workforce and work environment exists: workforce and strategic planning; organizational development consultation; performance management; labor relations; contract administration and negotiation; employee development, recruitment and staffing; job evaluation and classification; compensation; benefits administration; employee safety and health; workers' compensation; and equal employment and affirmative action.

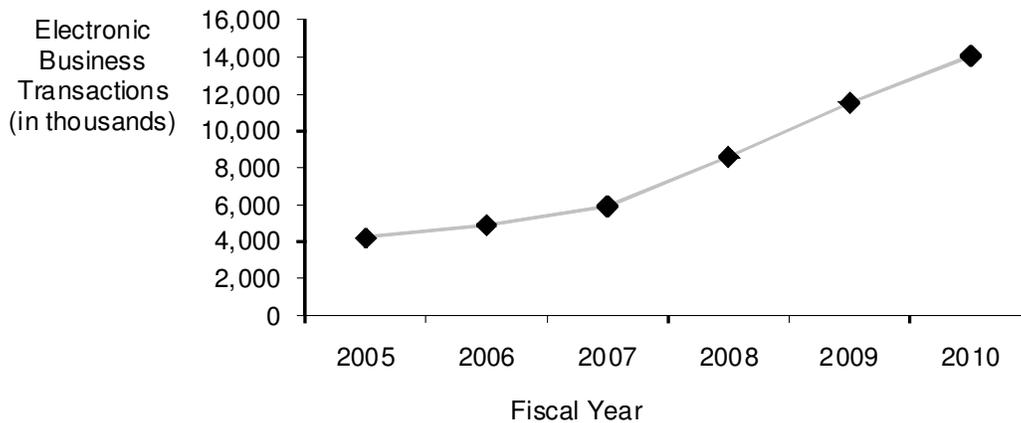
**Key Program Goals & Measures**

The General Support Division provides leadership and support to agency programs so they can be successful. Activities are customized to meet the unique needs of each activity while assuring adherence to statewide and agency standards for performance, management, and documentation of decisions made. Critical goals are to

- develop and adhere to operating policies and services that meet or exceed statewide standards and policies;

- create and offer utility services within the agency to meet particular program goals as efficiently as possible while adhering to accepted audit standards;
- manage agency resources in as transparent a manner as possible to assure stakeholders our stewardship of their investments is sound; and
- create opportunities for electronic government transactions to assure existing resources can meet the unique needs of citizens.

**Expanding Electronic Business Transactions**



**Program Funding**

The General Support Division is financed by an appropriation from the workers' compensation fund and indirect cost revenue recovered from the agency's other programs. The program also administers two federal research grants from the Bureau of Labor Statistics.

**Contact**

For more information, contact DLI Communications by phone at (651) 284-5313 or 1-800-DIAL-DLI (1-800-342-5354), via e-mail at [dli.communications@state.mn.us](mailto:dli.communications@state.mn.us) or online at <http://www.dli.mn.gov>.

# LABOR AND INDUSTRY DEPT

Program: GENERAL SUPPORT DIVISION

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>Workers Compensation</b>					
Current Appropriation	5,981	5,981	5,981	5,981	11,962
<b>Technical Adjustments</b>					
Approved Transfer Between Appr			58	58	116
Subtotal - Forecast Base	5,981	5,981	6,039	6,039	12,078
<b>Total</b>	<b>5,981</b>	<b>5,981</b>	<b>6,039</b>	<b>6,039</b>	<b>12,078</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Workers Compensation	5,473	6,605	6,039	6,039	12,078
<b>Open Appropriations</b>					
Workers Compensation	186	256	256	256	512
<b>Statutory Appropriations</b>					
Miscellaneous Special Revenue	2,797	2,919	2,919	2,919	5,838
Federal	143	154	152	152	304
<b>Total</b>	<b>8,599</b>	<b>9,934</b>	<b>9,366</b>	<b>9,366</b>	<b>18,732</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	6,992	7,383	7,383	7,383	14,766
Other Operating Expenses	1,607	2,551	1,983	1,983	3,966
<b>Total</b>	<b>8,599</b>	<b>9,934</b>	<b>9,366</b>	<b>9,366</b>	<b>18,732</b>
<b><u>Expenditures by Activity</u></b>					
General Support Division	8,599	9,934	9,366	9,366	18,732
<b>Total</b>	<b>8,599</b>	<b>9,934</b>	<b>9,366</b>	<b>9,366</b>	<b>18,732</b>
<b>Full-Time Equivalent (FTE)</b>	<b>80.0</b>	<b>80.5</b>	<b>79.5</b>	<b>79.5</b>	

**Program at a Glance**

FY 2009

- Investigated 487 cases of labor law compliance and processed 1,106 wage claims
- Responded to 24,177 calls and e-mail messages
- Registered 11 new and monitored 300 current sponsors of apprenticeship training
- Managed 7,219 apprentices in training, including 1,130 women and people of color
- Worked with 95 approved veterans receiving GI benefits

**Program Description**

The Labor Standards and Apprenticeship unit administers and enforces Minnesota laws affecting employee wages, child labor, prevailing wage, and fee employment agencies. The unit promotes, develops, approves, and monitors registered apprenticeship training programs in Minnesota workplaces. This unit provides education and outreach activities to the population served. The unit ensures employers pay employees for all hours worked, ensures accurate and timely prevailing-wage rates are set for state-funded construction projects, and ensures fee employment agencies comply with the laws governing them. It also conducts yearly technical assistance visits to training sites to make certain that apprenticeship programs are meeting agreed-upon training standards while producing a highly

skilled workforce. The authority for these activities comes from Minnesota Statutes Chapter 177 (Minnesota Fair Labor Standards Act), M.S. Chapter 181 (Employment), M.S. Chapter 181A (Child Labor Standards Act), M.S. Chapter 184 (Employment Agency), and M.S. Chapter 178 (Apprentice Training).

**Population Served**

This unit serves Minnesota employees and employers, labor organizations, schools, state agencies, and local units of government preparing clients for entry in employment. The unit also assists community-based organizations receiving Labor Education Advancement Program (LEAP) grants to promote apprenticeship opportunities to women and people of color.

**Services Provided**

The primary activities of the unit are enforcement, education, licensing, and surveying for wage data.

- Enforcement methods include investigation, mediation, on-site inspection, and issuance of penalties and fines.
- Education methods include interpreting statutes and rules; providing brochures and posters to employers and employees; and participating in speaking engagements and outreach activities to employee and employer organizations, schools, and other state agencies. Telephone calls, correspondence, and e-mail to the unit can result in either an enforcement action or an educational opportunity.
- Employment agencies complete a process for licensing.
- Three surveys are conducted to set prevailing-wage rates.
- The unit also provides consultative services to all employers interested in developing and maintaining apprenticeship training standards in Minnesota. The unit provides technical assistance to registered apprentices, assists apprentices in maintaining the agreed upon condition of their employment throughout the training program, and promotes the concept of apprentice training to all employers wishing to use the apprenticeship model to train current and future employees.

**Key Program Goals & Measures**

The unit goals are to ensure workplaces operate within the requirements of Minnesota labor laws and apprenticeship training grows as an effective work-to-learn strategy.

The four key performance measures in the Labor Standards and Apprenticeship program are:

- 1) the number of complaints investigated (prevailing wage, minimum wage, overtime, child labor);
- 2) the number of wage claims processed;
- 3) the number of customer contacts; and
- 4) the number of apprentices in training and apprenticeship completions.

# LABOR AND INDUSTRY DEPT

Program: LABOR STANDARDS & APPRENTICESP

Narrative

1. To ensure the timely and accurate payment of wages for all hours worked by employees in Minnesota, the unit investigates complaints in accordance with the Minnesota Fair Labor Standards Act (M.S. Chapter 177). It also ensures the safety and well being of employed minors; the unit investigates complaints and issues penalty violations in accordance with the Minnesota Child Labor Standards Act (M.S. Chapter 181A).

Key measure (1)	FY 2006	FY 2007	FY 2008	FY 2009
Cases opened	236	343	463	456
Cases closed	215	331	466	487

2. The unit ensures timely payment of wage claims (final paycheck disputes) in accordance with M.S. Chapter 181.

Key measure (2)	FY 2006	FY 2007	FY 2008	FY 2009
Wage claims opened	142	728	1,097	1,110
Wage claims closed	132	647	1,090	1,106

3. To ensure employers and employees know and understand their responsibilities and the rights of employees in the workplace, the unit responds to telephone calls, e-mail messages, and correspondence, and conducts education and outreach activities.

Key measure (3)	FY 2006	FY 2007	FY 2008	FY 2009
Telephone calls and e-mail messages	24,725	26,445	26,292	24,177
Education and outreach activities (presentations, etc.)	121	112	102	80
Distribution of all (including translated) informational materials	53,000	60,260	69,562	59,102

4. The unit ensures participants in registered apprenticeship programs are provided the technical support in maintaining the apprenticeship agreement to maximize the opportunity for completion of the apprenticeship-training program.

Key measure (4)	FY 2006	FY 2007	FY 2008	FY 2009
Total apprentices in training	8,359	9,103	9,429	7,219
Total apprenticeship completions	1,343	1,517	1,326	1,163

## Program Funding

The Labor Standards activity is financed by an appropriation from the general fund. The activity collects revenue from:

- the licensing of fee employment agencies; and
- fines assessed for violations of the Child Labor Act and Minnesota Fair Labor Standard Act.

The activity also collects back-wages owed to employees by employers. These funds are remitted to the employees.

The Apprenticeship activity is funded from an appropriation from the workforce development fund.

## Contact

For more information, contact Labor Standards and Apprenticeship by phone at (651) 284-5005 or 1-800-DIAL-DLI (1-800-342-5354), by e-mail at [dli.laborstandards@state.mn.us](mailto:dli.laborstandards@state.mn.us) or online at <http://www.dli.mn.gov>.

# LABOR AND INDUSTRY DEPT

Program: LABOR STANDARDS & APPRENTICESP

Program Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Governor Recomm.</b>		<b>Biennium</b>
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>2012-13</b>
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	860	860	860	860	1,720
Subtotal - Forecast Base	860	860	860	860	1,720
<b>Governor's Recommendations</b>					
Operating Budget Reduction		0	(43)	(43)	(86)
<b>Total</b>	<b>860</b>	<b>860</b>	<b>817</b>	<b>817</b>	<b>1,634</b>
<b>Workforce Development</b>					
Current Appropriation	1,029	1,029	1,029	1,029	2,058
Subtotal - Forecast Base	1,029	1,029	1,029	1,029	2,058
<b>Total</b>	<b>1,029</b>	<b>1,029</b>	<b>1,029</b>	<b>1,029</b>	<b>2,058</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	761	959	817	817	1,634
Workforce Development	875	1,183	1,029	1,029	2,058
<b>Statutory Appropriations</b>					
Federal	10	98	97	97	194
Miscellaneous Agency	115	16	15	15	30
<b>Total</b>	<b>1,761</b>	<b>2,256</b>	<b>1,958</b>	<b>1,958</b>	<b>3,916</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,158	1,387	1,343	1,343	2,686
Other Operating Expenses	493	769	515	515	1,030
Local Assistance	110	100	100	100	200
<b>Total</b>	<b>1,761</b>	<b>2,256</b>	<b>1,958</b>	<b>1,958</b>	<b>3,916</b>
<b><u>Expenditures by Activity</u></b>					
Labor Standards & Apprenticesp	1,761	2,256	1,958	1,958	3,916
<b>Total</b>	<b>1,761</b>	<b>2,256</b>	<b>1,958</b>	<b>1,958</b>	<b>3,916</b>
<b>Full-Time Equivalents (FTE)</b>	<b>16.6</b>	<b>16.6</b>	<b>15.1</b>	<b>15.1</b>	

## Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
OSHA Compliance	No	Yes		\$4,072	\$4,132	\$4,123	\$4,123
OSHA Consultation	No	Yes		969	973	973	973
Bureau of Labor Statistics	No	Yes		109	110	110	110
OSHA Survey	No	No		34	44	42	42
<b>Total</b>				<b>\$5,184</b>	<b>\$5,259</b>	<b>\$5,248</b>	<b>\$5,248</b>

### Purpose of Federal Funds

The Occupational Safety and Health Administration (OSHA) Compliance and OSHA Consultation grants are essential to continue the downward trend in occupational fatalities, injuries, and illnesses, and thereby reduce the suffering of workers and families and contain workers' compensation costs. MNOSHA compliance concentrates inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. MNOSHA consultation efforts focus on small- and medium-sized employers.

The Bureau of Labor Statistics and OSHA Survey grants provide the funding necessary to conduct surveys to collect, analyze, and report data on workplace injuries.

Federal funding contributes to 4% of the agencies expenditures. Federal funds received through the OSHA Compliance and Bureau of Labor Statistics programs require matching state funds of 50%. The OSHA Consultation program requires matching state funds of 10%. The required state match is provided by the Workers' Compensation fund. The OSHA Survey program is 100% federally funded.

**LABOR AND INDUSTRY DEPT**

Agency Revenue Summary

*Dollars in Thousands*

	<b>Actual FY2010</b>	<b>Budgeted FY2011</b>	<b>Governor's Recomm. FY2012   FY2013</b>		<b>Biennium 2012-13</b>
<b><u>Non Dedicated Revenue:</u></b>					
<b>Departmental Earnings:</b>					
General	4	2	2	2	4
Workers Compensation	633	576	576	576	1,152
<b>Other Revenues:</b>					
General	14,019	27	27	27	54
State Government Spec Revenue	1	0	0	0	0
Workers Compensation	94,570	95,857	95,857	95,857	191,714
<b>Total Non-Dedicated Receipts</b>	<b>109,227</b>	<b>96,462</b>	<b>96,462</b>	<b>96,462</b>	<b>192,924</b>
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings:</b>					
State Government Spec Revenue	24,187	24,521	25,754	25,917	51,671
Miscellaneous Special Revenue	3,443	3,300	3,510	3,510	7,020
Workers Compensation	3,537	3,084	3,084	3,084	6,168
<b>Grants:</b>					
Federal	5,167	5,345	5,345	5,345	10,690
Federal Stimulus	24	142	0	0	0
<b>Other Revenues:</b>					
State Government Spec Revenue	89	96	686	686	1,372
Miscellaneous Special Revenue	2,198	2,977	2,977	2,979	5,956
Workers Compensation	34	50	50	50	100
Miscellaneous Agency	114	10	15	15	30
<b>Total Dedicated Receipts</b>	<b>38,793</b>	<b>39,525</b>	<b>41,421</b>	<b>41,586</b>	<b>83,007</b>
<b>Agency Total Revenue</b>	<b>148,020</b>	<b>135,987</b>	<b>137,883</b>	<b>138,048</b>	<b>275,931</b>