



January 25, 2005

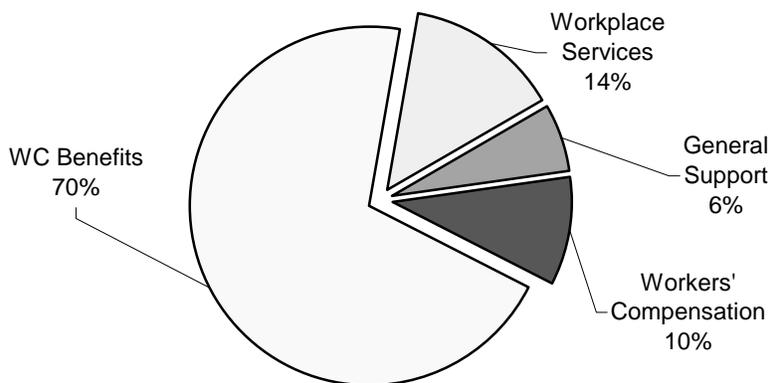
The 2005 Minnesota Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the Department of Labor and Industry's budget recommendation for the FY 2006-07 budget. This budget consists of \$5,744,000 from the state's General Fund, \$201,888,000 from the workers' compensation fund, \$14,786,000 from other funds, and is a 5% decrease from FY 2004-05 spending.

As the graphic indicates, the majority of DLI's budget is for payments of workers' compensation benefits. The remaining budget is administered through three program areas: workers' compensation, workplace services, and general support.

With this budget recommendation, DLI will continue to ensure a safe and equitable work environment for Minnesota employees and employers. The agency will continue priority activities designed to assure that: (1) workplaces are free from injury and illness; (2) workers injured on the job are provided treatment and benefits required by law; (3) workers from all communities have the opportunity to receive critical skills through apprenticeship training; (4) boilers and high-pressure-piping systems are properly constructed, installed, and operated; and (5) workers, potential workers, and employers have a clear understanding of their rights and responsibilities in the workplace.

Department of Labor and Industry \$222 Million FY 2006-07 All Funds



Sincerely,

M. Scott Brener
Commissioner

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,905	2,839	2,839	2,839	5,678
Recommended	2,905	2,839	2,872	2,872	5,744
Change		0	33	33	66
% Biennial Change from 2004-05					0%
Workforce Development					
Current Appropriation	450	450	450	450	900
Recommended	450	450	450	450	900
Change		0	0	0	0
% Biennial Change from 2004-05					0%
Workers Compensation					
Current Appropriation	19,797	19,272	19,272	19,272	38,544
Recommended	19,797	19,272	19,272	19,272	38,544
Change		0	0	0	0
% Biennial Change from 2004-05					-1.3%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,565	3,140	2,872	2,872	5,744
Workforce Development	419	482	450	450	900
Workers Compensation	18,387	20,585	19,272	19,272	38,544
Open Appropriations					
Workers Compensation	77,751	87,473	79,610	77,454	157,064
Statutory Appropriations					
Special Revenue	1,264	1,670	1,605	1,575	3,180
Federal	5,026	5,344	5,262	5,414	10,676
Workers Compensation	6,489	3,345	3,140	3,140	6,280
Miscellaneous Agency	11	19	15	15	30
Total	111,912	122,058	112,226	110,192	222,418
<u>Expenditures by Category</u>					
Total Compensation	22,327	23,476	24,261	24,513	48,774
Other Operating Expenses	6,501	9,134	6,469	6,339	12,808
Payments To Individuals	80,901	87,339	79,476	77,320	156,796
Local Assistance	2,183	2,109	2,020	2,020	4,040
Total	111,912	122,058	112,226	110,192	222,418
<u>Expenditures by Program</u>					
Workers Compensation Division	91,075	98,678	90,138	87,952	178,090
Workplace Services Division	14,164	16,371	15,292	15,444	30,736
General Support Division	6,673	7,009	6,796	6,796	13,592
Total	111,912	122,058	112,226	110,192	222,418
Full-Time Equivalents (FTE)	342.8	355.0	351.6	344.6	

LABOR AND INDUSTRY DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
Fund: GENERAL				
FY 2005 Appropriations	2,839	2,839	2,839	5,678
Technical Adjustments				
One-time Appropriations		(345)	(345)	(690)
Subtotal - Forecast Base	2,839	2,494	2,494	4,988
Change Items				
Code Enforcement	0	378	378	756
Total Governor's Recommendations	2,839	2,872	2,872	5,744
Fund: WORKFORCE DEVELOPMENT				
FY 2005 Appropriations	450	450	450	900
Subtotal - Forecast Base	450	450	450	900
Total Governor's Recommendations	450	450	450	900
Fund: WORKERS COMPENSATION				
FY 2005 Appropriations	19,272	19,272	19,272	38,544
Subtotal - Forecast Base	19,272	19,272	19,272	38,544
Total Governor's Recommendations	19,272	19,272	19,272	38,544
Fund: WORKERS COMPENSATION				
Planned Open Spending	87,473	79,610	77,454	157,064
Total Governor's Recommendations	87,473	79,610	77,454	157,064
Fund: SPECIAL REVENUE				
Planned Statutory Spending	1,670	1,605	1,575	3,180
Total Governor's Recommendations	1,670	1,605	1,575	3,180
Fund: FEDERAL				
Planned Statutory Spending	5,344	5,262	5,414	10,676
Total Governor's Recommendations	5,344	5,262	5,414	10,676
Fund: WORKERS COMPENSATION				
Planned Statutory Spending	3,345	3,140	3,140	6,280
Total Governor's Recommendations	3,345	3,140	3,140	6,280
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	19	15	15	30
Total Governor's Recommendations	19	15	15	30
Revenue Change Items				
Fund: GENERAL				
Change Items				
Code Enforcement	0	810	810	1,620

LABOR AND INDUSTRY DEPT**Program: WORKPLACE SERVICES DIVISION****Change Item: Code Enforcement**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	\$378	\$378	\$378	\$378
Revenues	810	810	708	708
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$432)	(\$432)	(\$330)	(\$330)

Recommendation

The Governor recommends an appropriation of \$756,000 for the FY 2006-07 biennium to improve the regulatory enforcement and safety of boilers, pressure vessels, hobby boilers, boats-for-hire, and high-pressure-piping systems. This will be financed by an increase in license, permit, penalty, and inspection fees.

Background

The purpose of this initiative is to ensure that the Department of Labor and Industry (DLI) can fulfill its statutory mission set forth in M.S. Chapter 183 and M.S. Sections 326.46 to 326.521 to ensure the safety of boilers, pressure vessels, hobby boilers, boats-for-hire, and high-pressure-piping (HPP) in use throughout the state. DLI is unable to fulfill its statutory mission given its current resources. This initiative arose from the following challenges faced by DLI:

Boiler and pressure vessel inspections – One out of five active, registered boilers and pressure vessels were at least 30 days past due for inspection at the end of FY 2004, and nearly three quarters (72.8%) of those 18,155 vessels were more than six months past due for inspection.

Registered and inspected boilers and pressure vessels – An estimated 3,950 to 7,900 boilers and pressure vessels – 5 to 10% of active, registered vessels – are not registered and inspected as required by M.S. 183.38, with most of these vessels located in the Minneapolis and Saint Paul metropolitan area.

Code compliance – Compliance with the applicable boiler and HPP license and inspection laws relies heavily on voluntary compliance by regulated parties. Several incidents during FY 2003 and 2004 indicate a need for a more proactive, preventive approach focused on improving the quality of inspections, code knowledge, boiler operations, and corrective action compliance.

Enforcement – Enforcement of Minnesota’s boiler and HPP license and inspection laws is inadequate. DLI does not have the financial and human resources needed to seal or compel an inspection of a boiler or pressure vessel, as directed in statute, or compel compliance with the HPP code.

Triennial audits – DLI provided a quality assurance service to about 75 private-sector firms that fabricate or repair boilers and pressure vessels until 7-1-02. These firms are certified by the American Society of Mechanical Engineers (ASME) as acceptable for fabricating or constructing boilers, or certified by the National Board of Boiler and Pressure Vessel Inspectors (National Board) to repair boilers and pressure vessels. Subjecting its quality assurance processes to a triennial audit of compliance certifies a firm. DLI ceased these triennial audits in July 2002 when this service was suspended to focus limited, available resources on statutorily mandated activities. The result has been increased audit costs for the fabricators and repair firms. Over the long-term, this will adversely affect the depth and breadth of DLI’s knowledge and understanding of the ASME Boiler and Pressure Vessel Code. This knowledge is central to Minnesota’s regulation of boilers and pressure vessels.

HPP compliance and enforcement – Central to the HPP code is voluntary compliance and an effective inspection program. With three HPP inspectors, DLI provides minimum inspection coverage for the 266 annual permits and inadequate coverage at locations with HPP, but no permit.

This initiative would couple the state’s recent investments in inspection technology with the human capital essential for conducting inspections and enforcing the boiler and high-pressure-piping codes. DLI would hire two new boiler inspectors, one new HPP inspector, and one administrative support employee. Specific changes that would result from these hires would be a significant increase in boiler and pressure-vessel inspections, a decrease in the inspection past-due rate, an increase in the number of boilers and pressure vessels identified and added to the inspection database, reinstatement of the ASME/NB Triennial Audit Program, and improved

enforcement of the boiler and HPP code. Qualified, capable people must conduct inspections. There is no substitute.

The 2003 legislature instituted a temporary surcharge of \$5 on boiler licenses and inspections. This surcharge and related appropriation is scheduled to expire 6-30-05. Under this request, the surcharge would become a permanent source of revenue for the state. In addition, DLI proposes increasing the HPP license and permit fees to fund the additional HPP inspector.

This initiative will enable DLI to assess penalties to owners of boilers and pressure vessels who do not obtain the inspections required by law, and to insurers for failure to conduct inspections and file required information with DLI in a timely manner.

In addition to improving code enforcement, this initiative would improve the validity, reliability, and availability of DLI occupational license exams by contracting with a third party, expert in occupational testing, to develop and administer valid, reliable exams. Another objective is to make license exams available more frequently throughout the state, in contrast to the limited exam schedule currently in place. The revenue estimates assume a decrease in revenue from licensing exams, which is more than offset by an increase in inspection revenue.

Relationship to Base Budget

This change represents a 21% increase to the Code Administration and Inspection Services unit's base operating budget. It represents a 36% increase in fee revenue.

Key Measures

Percentage of registered, active boilers and pressure vessels more than 90 days past due for inspection will decline. Number of boilers and pressure vessels added to the DLI boiler and pressure-vessel database will increase. Violation rates for code compliance, license compliance, and permit/registration compliance will decrease. Number of enforcement actions commenced by DLI will increase. ASME/NB triennial audit activities will be resumed. Percentage of HPP locations subject to a survey inspection (no permit) will increase.

Alternatives Considered

No change to base funding level. This alternative would keep the boiler and pressure vessel past-due inspection rate at about 20 to 25% and generally hinder DLI's efforts to ensure compliance with the boiler and HPP laws.

Statutory Change

This initiative would require amendments to M.S. Chapter 183 to reflect the increased license, permit, penalty, and inspection fees.

Agency Purpose

The mission of the Department of Labor and Industry (DLI) is to ensure a safe and equitable work environment for Minnesota employees and employers. Its vision is to be a trusted resource utilized by employees and employers.

Agency activities are designed to assure that:

- ◆ workplaces are free from injury and illness;
- ◆ workers injured on the job are provided treatment, and benefits required by law;
- ◆ workers from all communities have the opportunity to receive critical skills through apprenticeship training;
- ◆ boilers and high-pressure-piping systems are properly constructed, installed, and operated; and
- ◆ workers, potential workers, and employers have a clear understanding of their rights and responsibilities in the workplace.

At A Glance

Business Functions:

- ◆ Administer laws affecting Minnesota's 2.5 million employees and 157,000 employers.
- ◆ Oversee workers' compensation claims and benefit payments for 141,000 injuries and 53 workplace fatalities annually.
- ◆ Ensure the safe operating condition of 80,000 boiler and pressure vessels.
- ◆ Issue 37,000 occupational licenses.
- ◆ Monitor 8,000 registered apprentices.

Core Functions

DLI administers laws related to employment, workplace safety, and workers' compensation through the following core functions:

- ◆ provide training and outreach;
- ◆ conduct inspections, audits and investigations;
- ◆ review workers' compensation claims and oversee the provision of benefits;
- ◆ provide informal dispute resolution services;
- ◆ provide vocational rehabilitation services;
- ◆ issue penalties for violations of the law;
- ◆ issue professional licenses and certifications; and
- ◆ register apprenticeship programs.

Operations

DLI's primary customers are Minnesota workers and employers. Other stakeholders include insurers, attorneys, rehabilitation and health care providers, employment agencies, building owners, and boat owners. Services are provided through three divisions.

The **Workers' Compensation Division** oversees and administers the workers' compensation system in Minnesota through the following five activities.

- ⇒ **Special Compensation Fund** verifies and enforces employers' workers' compensation insurance coverage, administers claims for injured workers of uninsured and bankrupt self-insured employers, and administers asbestosis claims. It also reimburses second-injury and supplementary benefits to insurers and self-insured employers.
- ⇒ **Customer Assistance** provides assistance and information about workers' compensation laws and processes to injured workers, employers, and other stakeholders. It provides alternative dispute-resolution services, including mediations, conferences, telephone information, walk-in assistance, and dispute certification. In addition, it provides both formal and informal training sessions to workers' compensation stakeholders on how to make the best use of its services.
- ⇒ **Compliance Services** ensures employers and insurers provide timely and accurate benefits, through audits of workers' compensation files, penalties, and education. It certifies managed care organizations and qualified rehabilitation consultants and monitors their professional conduct.
- ⇒ **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.

⇒ **Information Processing Center** creates, maintains, and manages the availability of workers' compensation claim files. It also provides required workplace posters to employers upon request.

The **Workplace Services Division** assures conditions of employment, safety standards, apprenticeship programs, and wages comply with legal requirements through the following five activities.

- ⇒ **Apprenticeship** regulates, supervises, and promotes apprenticeship programs that meet state standards. It also provides technical assistance to employers developing apprenticeship programs.
- ⇒ **Labor Standards** enforces employment laws governing child labor, minimum wage, overtime, prevailing wage, and parental leave. It provides outreach and education to employers and employees, and issues licenses to fee employment agencies.
- ⇒ **Code Administration and Inspection Services** issues boiler-operator and pipefitter licenses and inspects boilers, pressure vessels, boats-for-hire, hobby boilers, and high-pressure-piping systems.
- ⇒ **OSHA Compliance** conducts safety and health inspections of workplaces, and issues citations for noncompliance with standards. It provides technical assistance, outreach, and education in regard to safety and health issues and develops partnerships with organizations. Conducts discrimination investigations involving employees who make safety and health complaints.
- ⇒ **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 loggers' education programs.

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

Budget

Over 90% of DLI's budget is from the Workers' Compensation Fund, which is financed primarily by an assessment collected from workers' compensation insurers and self-insured employers. The remainder of DLI's budget is financed by the general, workforce development, and federal funds. Over 70% of agency expenditures are for workers' compensation benefit payments to injured workers. DLI staff includes 355 full-time-equivalent employees working in locations throughout the state.

Contact

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

More than a thousand visitors stop by the DLI web site (www.doli.state.mn.us) each day to learn more about Minnesota's employment laws, safety and health standards, work-related injuries, and worker training programs.

For information on department goals and results, visit the Minnesota Results web site at: <http://www.departmentresults.state.mn.us/doli>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,905	2,839	2,839	2,839	5,678
Recommended	2,905	2,839	2,872	2,872	5,744
Change		0	33	33	66
% Biennial Change from 2004-05					0%
Workforce Development					
Current Appropriation	450	450	450	450	900
Recommended	450	450	450	450	900
Change		0	0	0	0
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Workers Compensation					
Current Appropriation	19,797	19,272	19,272	19,272	38,544
Recommended	19,797	19,272	19,272	19,272	38,544
Change		0	0	0	0
% Biennial Change from 2004-05					-1.3%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,565	3,140	2,872	2,872	5,744
Workforce Development	419	482	450	450	900
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Open Appropriations					
Workers Compensation	77,751	87,473	79,610	77,454	157,064
Statutory Appropriations					
Special Revenue	1,264	1,670	1,605	1,575	3,180
Federal	5,026	5,344	5,262	5,414	10,676
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Miscellaneous Agency	11	19	15	15	30
Total	111,912	122,058	112,226	110,192	222,418
<u>Expenditures by Category</u>					
Total Compensation	22,327	23,476	24,261	24,513	48,774
Other Operating Expenses	6,501	9,134	6,469	6,339	12,808
Payments To Individuals	80,901	87,339	79,476	77,320	156,796
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<u>Expenditures by Program</u>					
Workers Compensation Division	91,075	98,678	90,138	87,952	178,090
Workplace Services Division	14,164	16,371	15,292	15,444	30,736
General Support Division	6,673	7,009	6,796	6,796	13,592
Total	111,912	122,058	112,226	110,192	222,418
Full-Time Equivalent (FTE)	342.8	355.0	351.6	344.6	

Program Description

The purpose of the Workers' Compensation Division is to minimize the impact of work-related injuries or illnesses on workers and employers.

Budget Activities Included:

- ⇒ Special Compensation Fund
- ⇒ Customer Assistance
- ⇒ Compliance Services
- ⇒ Vocational Rehabilitation
- ⇒ Information Processing Center
- ⇒ Workers' Compensation Administration

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
Workers Compensation					
Current Appropriation	10,566	10,346	10,346	10,346	20,692
Subtotal - Forecast Base	10,566	10,346	10,346	10,346	20,692
Total	10,566	10,346	10,346	10,346	20,692
 <u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	9,881	11,048	10,346	10,346	20,692
Open Appropriations					
Workers Compensation	77,576	87,300	79,437	77,281	156,718
Statutory Appropriations					
Special Revenue	70	65	95	65	160
Workers Compensation	3,548	265	260	260	520
Total	91,075	98,678	90,138	87,952	178,090
 <u>Expenditures by Category</u>					
Total Compensation	8,504	8,700	8,892	8,884	17,776
Other Operating Expenses	1,545	2,514	1,645	1,623	3,268
Payments To Individuals	80,901	87,339	79,476	77,320	156,796
Local Assistance	125	125	125	125	250
Total	91,075	98,678	90,138	87,952	178,090
 <u>Expenditures by Activity</u>					
Wc Special Compensation Fund	83,084	89,642	81,690	79,534	161,224
Wc Customer Assistance	2,126	2,251	2,280	2,280	4,560
Wc Compliance Services	1,408	1,502	1,535	1,505	3,040
Wc Vocational Rehabilitation	1,894	1,948	1,953	1,976	3,929
Wc Information Processing Ctr	2,380	2,493	2,455	2,432	4,887
Wc Administration	183	842	225	225	450
Total	91,075	98,678	90,138	87,952	178,090
 Full-Time Equivalents (FTE)	 139.5	 141.8	 139.5	 134.5	

Activity Description

The Special Compensation Fund (SCF) provides workers' compensation protection to Minnesota employees by enforcing the state's workers' compensation mandatory coverage requirements, providing certain benefits and reimbursements on behalf of eligible employees and insurers, and by collecting the assessments that fund Minnesota workers' compensation programs.

Population Served

SCF activities serve injured workers, employers, and workers' compensation insurers.

Services Provided

- ⇒ Mandatory coverage—SCF enforces the state's workers' compensation mandatory insurance coverage law through the investigation and assessing of appropriate penalties against employers who fail to comply with the law requiring they obtain workers' compensation insurance coverage for their eligible employees.
- ⇒ Uninsured claims—SCF acts as a "safety net," providing appropriate workers' compensation benefits to injured workers whose employers have failed to obtain proper workers' compensation insurance. The claims staff administers these claims in the same manner as an insurance company or adjusting company. SCF pursues recovery against the uninsured employer for benefits paid to the employee and ensures future compliance with the mandatory coverage law on the part of the employer. The SCF also administers asbestosis medical claims and pays benefits to injured employees of certain bankrupt self-insured employers.
- ⇒ Supplementary and second-injury claims—SCF reimburses insurers and employers for payments made to employees under the Second Injury and Supplementary Benefits programs. Although these programs were discontinued for new injuries occurring after 1992 and 1995, respectively, it is estimated that payments under those programs will continue to be made on a declining basis until approximately 2040.
- ⇒ Assessment collection—SCF collects assessments from insurers and self-insured employers to fund workers' compensation and safety activities of the Department of Labor and Industry, the workers' compensation section of the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, and a portion of the Department of Commerce, as well as the benefits paid under the Uninsured, Second Injury and Supplementary Benefit programs.

Activity at a Glance

- ◆ Collects assessments of more than \$100 million annually to pay injured workers benefits and workers' compensation program expenses.
- ◆ Provides supplementary and second-injury benefit reimbursement to insurers for over 4,850 injured workers.
- ◆ Provides workers' compensation benefits to more than 600 injured workers of uninsured and bankrupt self-insured employers annually.
- ◆ Investigated 378 incidents of uninsured employers resulting in 201 penalty assessments in FY 2004.
- ◆ Investigated 160 new claims for Special Compensation Fund uninsured claims benefits in FY 2004.

Historical Perspective

The largest single component of the SCF's expenditures (and therefore, the largest cost-driver for the assessments employers and insurers must pay) are the Supplementary Benefit and Second Injury programs, which represent 88% of the activity's costs. Since 1985, the assessment rate has fluctuated between 20% and 31%. The assessment rate for FY 2005 has been set at 25.68%, down from 30% in FY 2003.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

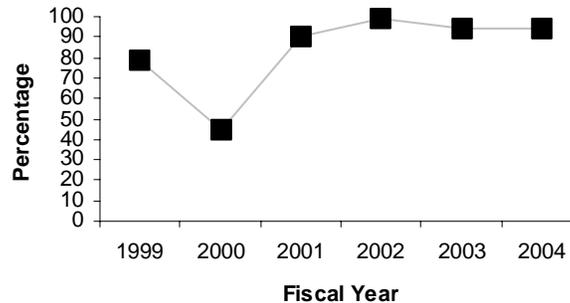
Activity: WC SPECIAL COMPENSATION FUND

Narrative

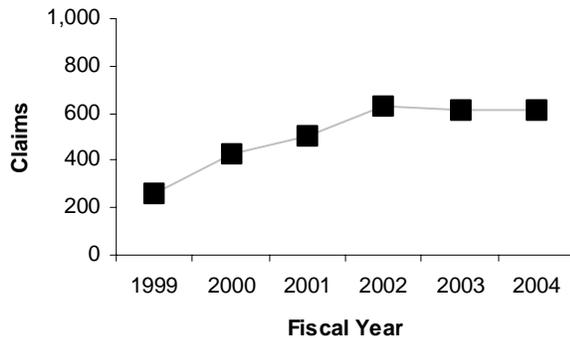
Key Measures

Ninety-five percent of Supplementary Benefit and Second Injury reimbursement claims are processed within 90 days of receipt. The delay in processing claims in FY 2000 is attributed to the implementation of a court decision changing how benefits were paid.

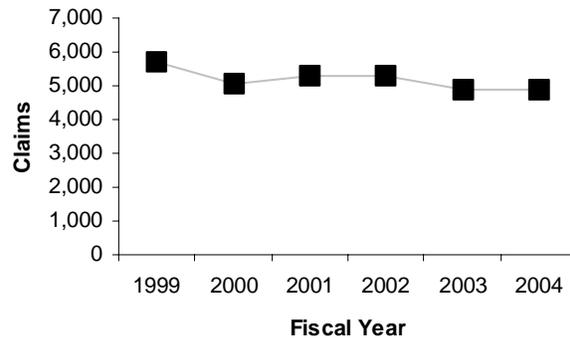
Average Percentage Paid Within 90 Days



New Special Claims*



Continuing SB/SI Claims



*includes uninsured, bankrupt self-insured, and asbestos claims.

Activity Funding

The SCF is financed by an appropriation from the Workers' Compensation Fund. The unit collects an assessment from insurers and self-insured employers, as well as reimbursements from employers for benefits paid. Penalties assessed by this unit are deposited to the assigned risk safety account, which is dedicated for workplace safety programs.

Contact

For more information, contact the Special Compensation Fund by phone at (651) 284-5045 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLISpecialcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC SPECIAL COMPENSATION FUND

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	2,218	2,342	2,253	2,253	4,506
Open Appropriations					
Workers Compensation	77,576	87,300	79,437	77,281	156,718
Statutory Appropriations					
Workers Compensation	3,290	0	0	0	0
Total	83,084	89,642	81,690	79,534	161,224
<u>Expenditures by Category</u>					
Total Compensation	1,855	1,700	1,763	1,757	3,520
Other Operating Expenses	363	642	490	496	986
Payments To Individuals	80,866	87,300	79,437	77,281	156,718
Total	83,084	89,642	81,690	79,534	161,224
Full-Time Equivalents (FTE)	29.1	26.6	26.6	25.6	

Activity Description

The Customer Assistance (CA) unit exists to prevent and resolve workers' compensation disputes at a reasonable cost to employers (M.S. 176.001 and 176.261). This unit uses a customer focused approach to dispute prevention and a "mediation/arbitration" approach to dispute resolution, with a focus on speed and efficiency.

Population Served

The CA unit serves injured workers, attorneys, employers, insurers, rehabilitation and health care providers, and other state agencies, such as the Attorney General's office (AGO), and the Department of Commerce (DOC).

Services Provided

The services provided by CA can be best described by looking at "mode of contact," that is 1) hotline calls and walk-ins, 2) dispute certification requests, 3) rehabilitation and medical requests, and 4) requests for mediation. In all instances, the services provided are direct services and the specialists in the unit treat every contact with the department as an opportunity for resolution, paying careful attention to the need to be perceived as neutral. In addition, it provides both formal and informal training sessions to all workers' compensation stakeholders on how to make the best use of the services offered.

Historical Perspective

The CA unit was created in the fall of 1995, adding the responsibility of answering "hotline" calls to the already existing responsibilities for conducting rehabilitation and medical conferences, as well as mediation sessions. This strategic decision coincided with and was partially driven by the inauguration of the imaging system. The hypothesis was that if the department were to combine front-loading its expertise with real-time access to workers' compensation files via image, many disputes could be prevented by the timely attention of department specialists. History has shown us many disputes are borne of misapprehension of information received by the injured worker from the insurer or some other miscommunication or lack of communication problem, combined with the time lag inherent in a paper-based system. With a focus on real-time responses, afforded by instant access to the complete file via image, we believe many unnecessary disputes can be avoided.

In 1996, dispute certification was added to M.S. 176.081, providing that no attorney's fees could be charged in rehabilitation and medical matters until the department has determined that a dispute exists and that it has tried to resolve it. In 2000, M.S. 176.231 was amended to require that whenever an employer submits a First Report of Injury form, it is required to give the employee a copy of the Minnesota Workers' Compensation Employee Information Sheet, which contains some basic entitlement information, along with the claim representative's name and number, as well as the telephone number for the CA unit.

The above decisions and enactments were all intended to encourage and enable the department's dispute prevention and resolution specialists' early involvement in a claim, in the hope that any dispute could either be prevented or quickly resolved.

Activity at a Glance

FY 2004:

- ◆ Answered more than 37,000 "hotline" calls
- ◆ Served more than 274 "walk-in" visitors
- ◆ Processed nearly 3,607 requests for certification of dispute, resolving approximately 25%
- ◆ Conducted more than 1,061 administrative conferences, obtaining agreements 41% of the time
- ◆ Conducted more than 310 mediation sessions, achieving agreements over 78% of the time

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

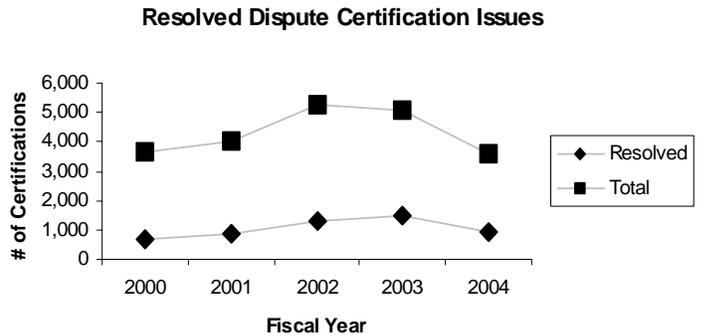
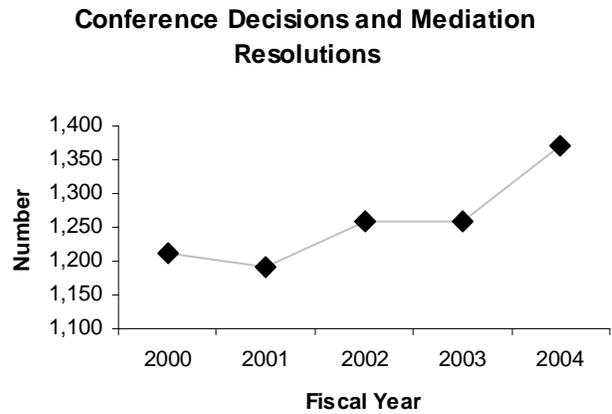
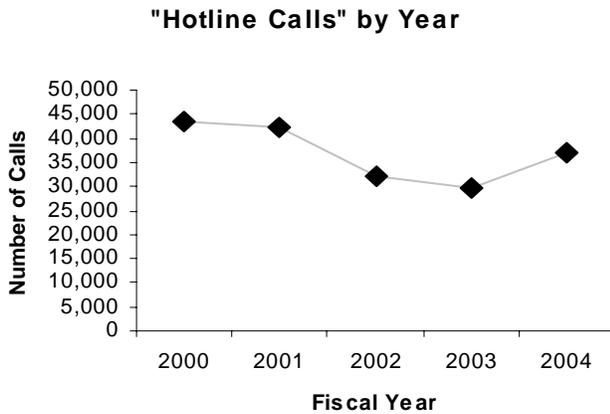
Activity: **WC CUSTOMER ASSISTANCE**

Narrative

Key Measures

The following are the performance measures for the CA unit:

- ◆ number of "hotline" calls answered;
- ◆ number of administrative conference and mediation session resolutions; and
- ◆ number of dispute certification issues resolved.



Activity Funding

The CA unit is financed by an appropriation from the Workers' Compensation Fund.

Contact

For more information, contact Customer Assistance by phone at (651) 284-5030 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC CUSTOMER ASSISTANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	2,117	2,221	2,250	2,250	4,500
Statutory Appropriations					
Special Revenue	9	30	30	30	60
Total	2,126	2,251	2,280	2,280	4,560
<u>Expenditures by Category</u>					
Total Compensation	1,781	1,902	1,929	1,930	3,859
Other Operating Expenses	345	349	351	350	701
Total	2,126	2,251	2,280	2,280	4,560
Full-Time Equivalents (FTE)	25.1	26.1	26.1	25.1	

Activity Description

The Compliance Services (CS) unit ensures employers and insurers provide timely and accurate benefits by auditing workers' compensation files, issuing penalties, and providing education. CS certifies managed care organizations, registers qualified rehabilitation consultants (QRCs), and monitors the consultants professional conduct.

Population Served

CS interacts with injured employees, employers, and insurers who are processing workers' compensation claims, and attorneys representing parties to a workers' compensation claim. In addition, CS serves medical providers, certified managed care organizations, and rehabilitation providers, including qualified rehabilitation consultants.

Services Provided

CS audits all claims filed with the Department of Labor and Industry (DLI), seeks corrections of improper payments, and monitors the performance of all insurers of workers' compensation claims. In addition, it registers rehabilitation providers, certifies managed care organizations, and investigates complaints against rehabilitation and medical providers and certified managed care organizations. CS assists insurers by offering frequent training opportunities for claims adjusters, alerting insurers to serious performance issues, and providing regular feedback to help them monitor their performance. The unit also provides training to rehabilitation and health care providers, including QRC orientation training. This is done to prevent the need for corrective action.

Historical Perspective

Until 1995, CS audited some of the paper files only once in a several-year period. Beginning in 1995, the department's imaging system provided a more efficient electronic routing system. Now, approximately 80% of active workers' compensation files are audited within three months after a triggering document is received.

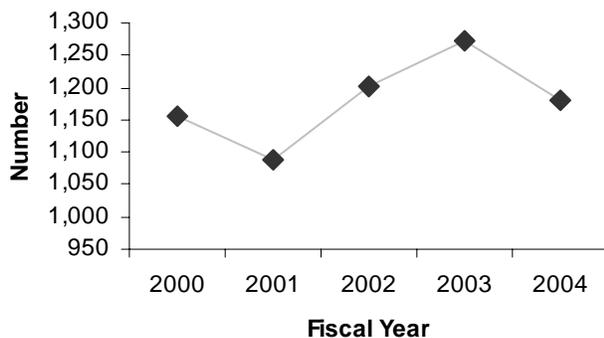
Key Measures

⇒ Each year, CS staff members review approximately 66,500 files looking for indemnity benefit payment mistakes made by insurers. When errors are found, CS contacts the insurers to advise them and explain the correction needed. An average of an additional \$2.38 million is paid to injured workers each year due to the audits conducted by staff. The majority of claim errors involve the incorrect payment of permanent partial disability benefits.

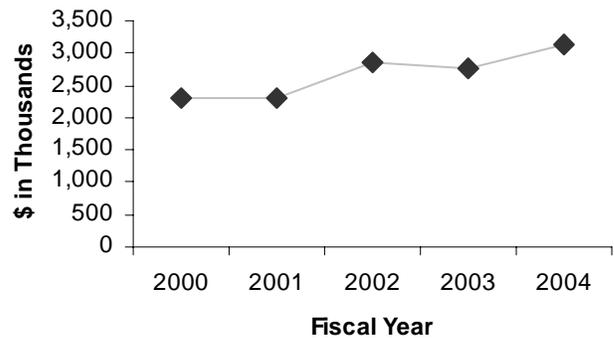
Activity at a Glance

- ◆ Average additional \$2.4 million returned to injured workers annually.
- ◆ Seventy-one percent of time penalties are assessed from requests.
- ◆ More than 500 applications for rehabilitation provider renewal of registration received.

Underpayments



Underpayment in Dollars



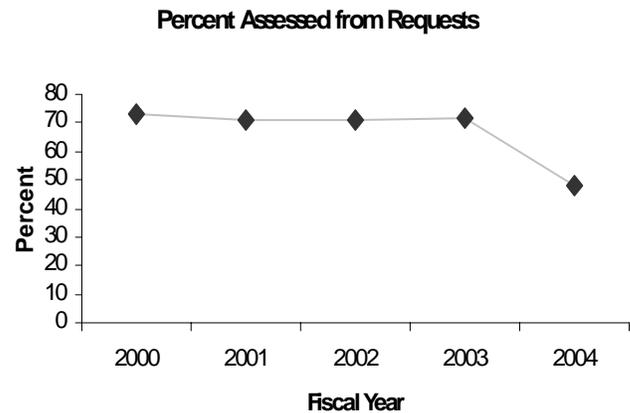
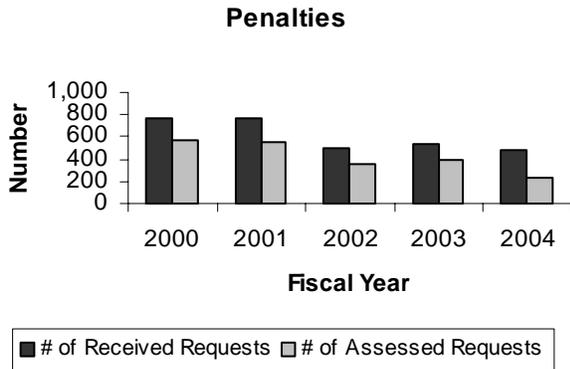
LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

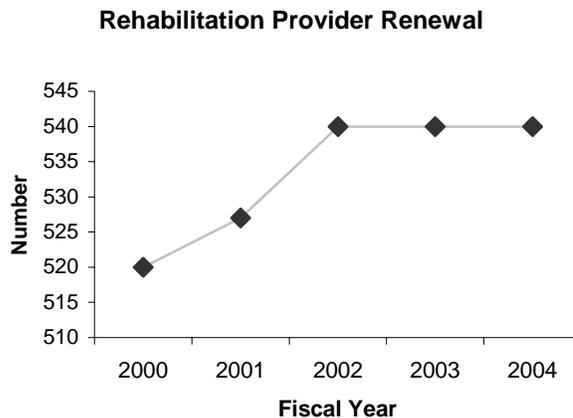
Activity: WC COMPLIANCE SERVICES

Narrative

⇒ Each year, the CS staff reviews approximately 500 to 800 requests for possible penalties. These requests come from customers outside the department and staff members within the department, and do not include reviews done based on automatically generated lists.



⇒ Each year, more than 500 applications for rehabilitation provider renewal of registration are received, reviewed, and approved. When the requirements for renewal of a registration are not met by the applicant, the CS staff member corresponds with the rehabilitation provider to advise and explain the corrections needed or makes recommendations to remedy the deficiency. Fewer than (approximately) five applications for registration renewal are not approved annually due to failure to meet the requirements in the rehabilitation rules.



Activity Funding

The CS unit is financed by an appropriation from the Workers' Compensation Fund. Penalties assessed by this unit are deposited to the assigned risk safety account, which is dedicated for workplace safety programs. The unit recovers its costs for training sessions through participant fees. It also collects registration fees from rehabilitation providers and managed care organizations.

Contact

For more information, contact Compliance Services by phone at (651) 284-5030 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC COMPLIANCE SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	1,347	1,467	1,470	1,470	2,940
Statutory Appropriations					
Special Revenue	61	35	65	35	100
Total	1,408	1,502	1,535	1,505	3,040
<u>Expenditures by Category</u>					
Total Compensation	1,289	1,407	1,410	1,401	2,811
Other Operating Expenses	119	95	125	104	229
Total	1,408	1,502	1,535	1,505	3,040
Full-Time Equivalents (FTE)	18.6	20.3	19.0	18.0	

Activity Description

The Vocational Rehabilitation unit (VRU) was established in 1983, by M.S. 176.104, to provide rehabilitation services when a dispute exists regarding medical causation or primary liability. Vocational rehabilitation services help to restore employment and resolve claim issues, thereby reducing the workers' compensation and socio-economic costs of a work injury.

Activity at a Glance

FY 2004:

- ◆ 397 consultations were completed, resulting in 338 new service plans.
- ◆ Completed plans resulting in employment restored \$2.6 million in wages.

Claim petitions filed in response to a primary denial of liability number between 1,800 and 2,000 annually. Ninety percent of injured workers receiving VRU services are related to disputed claims. During the approximate 12-month litigation process, the injured worker does not receive benefits. Rehabilitation services assist with the restoration of an income for the injured worker during this period, and reduced wage-loss-compensation owed by the insurer if liability is later determined.

Population Served

Injured workers, employers, and insurers directly benefit from the services of VRU. The state benefits from the injured worker's reduced dependence on public financial support programs, and by the income tax collected on wages when the employee returns to work. An early return to work helps to reduce the cost of workers' compensation in Minnesota.

Services Provided

The VRU is a direct provider of rehabilitation services as outlined in M.S. 176.102 and Minn. Rules 5220.0100-1900. Services provided by the VRU include:

- ⇒ Rehabilitation consultation—meeting with the employee and contacting the treating physician and employer to determine eligibility for rehabilitation services as defined by the statute.
- ⇒ Medical management—coordination of the employee's medical treatment with the return to work plan.
- ⇒ Job analysis—assessment of the physical and cognitive demands of the job duties at the worksite and opining the capacity of the injured worker to be successful given the medical restrictions.
- ⇒ Vocational testing and counseling—assessment of the injured worker's interests, aptitudes, and abilities using standardized tests and subsequent meetings with the individual to integrate this information with the medical information, labor market information, and the requirements of occupations to arrive at appropriate job goals.
- ⇒ Job development and placement—identification of employers and job openings consistent with job goals. VRU employees help prepare the injured worker to seek work, assist with a resume, and provide job-seeking skills training, including application and interview assistance. They also contact employers for jobs, support and encourage the injured worker during the job search, and assist the injured worker with weekly job leads and the completion of job logs.
- ⇒ On-the-job training and retraining evaluation—coordinate and monitor the training of an employee at a workplace. If an employee is unable to acquire suitable employment, a retraining plan is proposed in a formal educational setting to acquire knowledge and skills that will result in suitable employment.

LABOR AND INDUSTRY DEPT

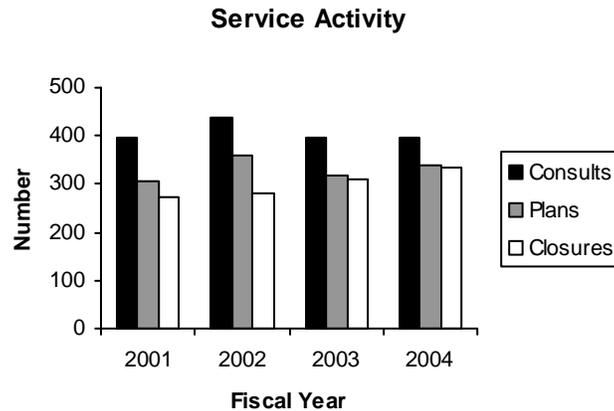
Program: WORKERS COMPENSATION DIVISION

Activity: WC VOCATIONAL REHABILITATION

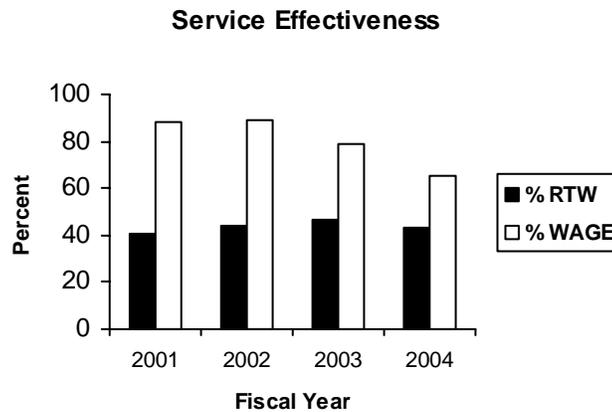
Narrative

Key Measures

⇒ Measures of service activity include rehabilitation consultations completed (Consults), rehabilitation plans implemented (Plans), and rehabilitation plans completed (Closures).



⇒ Measures of service effectiveness include the percent of completed cases that return to work prior to settlement (RTW), and the percentage of the pre-injury wages that are replaced at a new job (Wage).



Activity Funding

The VRU is financed by an appropriation from the Workers' Compensation Fund. It collects reimbursements from employers and insurers for vocational services provided.

Contact

For more information, contact the Vocational Rehabilitation Unit by phone at (651) 284-5038 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Vocrehab@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC VOCATIONAL REHABILITATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	1,894	1,948	1,953	1,976	3,929
Total	1,894	1,948	1,953	1,976	3,929
<u>Expenditures by Category</u>					
Total Compensation	1,467	1,510	1,538	1,570	3,108
Other Operating Expenses	267	274	251	242	493
Payments To Individuals	35	39	39	39	78
Local Assistance	125	125	125	125	250
Total	1,894	1,948	1,953	1,976	3,929
Full-Time Equivalentents (FTE)	25.8	26.0	25.0	25.0	

Activity Description

The Information Processing Center (IPC) exists to provide critical administrative support services to the Department of Labor and Industry (DLI) and its customers.

Population Served

IPC services benefit injured workers, employers, insurers, claims administrators, attorneys, health care, and rehabilitation service providers, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, the state Supreme Court, and the employees of DLI.

Activity at a Glance

FY 2004:

- ◆ Maintained more than 1.3 million workers' compensation claim files.
- ◆ Processed 47,898 First Reports of Injury.
- ◆ Imaged more than 2.4 million pages of mail.
- ◆ Data entered more than 222,690 forms.
- ◆ Processed 12,636 requests for copies of files.

Services Provided

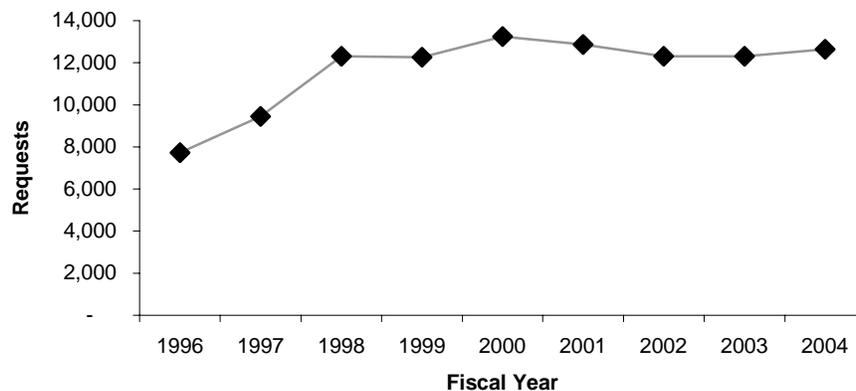
IPC's mission is to provide accurate, timely information to its customers through many services. For FY 2004, IPC's services included the following:

- ◆ receiving and distributing incoming/outgoing department mail (1.2 million pages of workers' compensation mail);
- ◆ providing shipping and receiving services for the department;
- ◆ providing centralized copy services for department personnel (1.3 million copies);
- ◆ processing requests for mandatory state employment posters (5,206 requests);
- ◆ imaging all workers' compensation claim file documents (2.4 million pages);
- ◆ verifying (7,351 phone calls) and entering workers' compensation data into the database (222,690 forms);
- ◆ coding and processing all First Report of Injury forms (54,328);
- ◆ mailing employee rights brochures to injured workers (38,430);
- ◆ receiving and processing all *fatal* First Report of Injury forms (94);
- ◆ maintaining workers' compensation files (1.3 million files);
- ◆ processing requests for copies of workers' compensation files to authorized clientele (12,636); and
- ◆ managing a quality assurance program that measures the accuracy and timeliness of all the information provided to customers.

Key Measures

⇒ Ensure authorized clientele have prompt access to workers' compensation files.

Number of Copy Requests



LABOR AND INDUSTRY DEPT

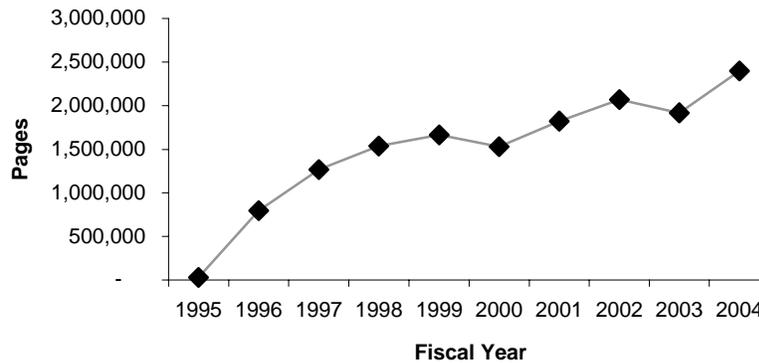
Program: WORKERS COMPENSATION DIVISION

Activity: WC INFORMATION PROCESSING CTR

Narrative

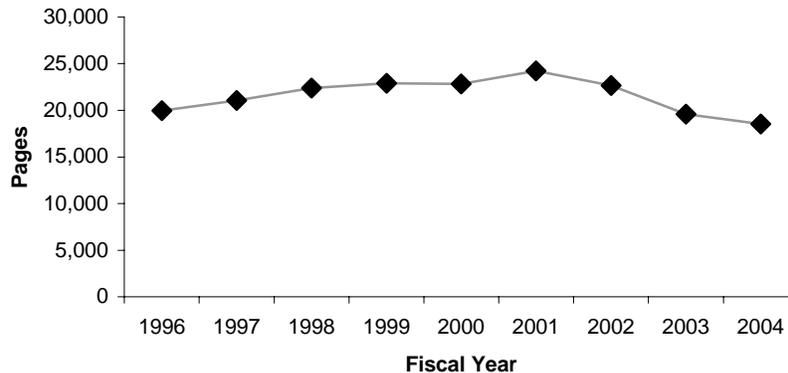
⇒ Ensure the timely and accurate imaging of workers' compensation documents.

Number of Pages Imaged Per Year



⇒ Ensure the timely and accurate data entry of workers' compensation data.

Average Number of Forms Data Entered Monthly



Activity Funding

The IPC unit is financed by an appropriation from the workers' compensation fund. The activity recovers the cost of providing photocopies of claim files to requesting parties in workers' compensation cases.

Contact

For more information, contact the Information Processing Center by phone at (651) 284-5467 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC INFORMATION PROCESSING CTR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	2,122	2,228	2,195	2,172	4,367
Statutory Appropriations					
Workers Compensation	258	265	260	260	520
Total	2,380	2,493	2,455	2,432	4,887
<u>Expenditures by Category</u>					
Total Compensation	1,979	2,011	2,085	2,053	4,138
Other Operating Expenses	401	482	370	379	749
Total	2,380	2,493	2,455	2,432	4,887
Full-Time Equivalents (FTE)	39.4	40.8	40.8	38.8	

Activity Description

The Workers' Compensation Administration (WCA) activity provides leadership, support, and a framework for operations of the Workers' Compensation Division. The goal is to ensure a fast, responsive, and easy-to-use workers' compensation system that delivers prompt services, maximizes resources, and reduces disputes.

Activity at a Glance

- ◆ Direct the activities of 142 division employees through five operating units.
- ◆ Administer division budget of \$99 million for FY 2005.

Population Served

This activity manages the five units of the Workers' Compensation Division, so stakeholders in the workers' compensation system—including employees, employers, insurers, attorneys, health-care providers, and service vendors—receive prompt and efficient service.

Services Provided

The Workers' Compensation Division's administrative and regulatory activities help to keep Minnesota workers' compensation costs low by

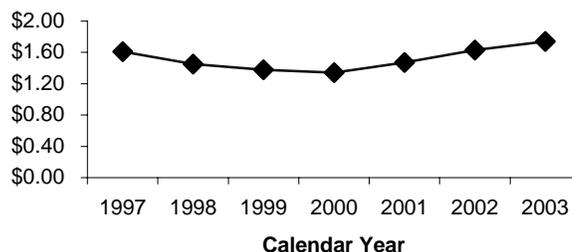
- ◆ providing information and education to employees, employers, insurance companies, and service providers;
- ◆ providing informal and formal forums for prompt resolution of disputes;
- ◆ monitoring insurance companies to ensure prompt payment of benefits;
- ◆ investigating cases of failure to properly insure for coverage by employers; and
- ◆ providing funding for a variety of workplace safety programs to help employers reduce injuries.

In addition to providing leadership to the Workers' Compensation Division, the WCA activity supports the Workers' Compensation Advisory Council, a statutory body composed of employee and employer representatives to review proposed changes to M.S. 176, and the Workers' Compensation Insurers' Task Force, a non-statutory group seeking to share information and concerns with department staff members. The administrative unit ensures citizen questions about workers' compensation are promptly addressed.

Key Measures

Workers' compensation costs are affected not only by the law, how our department administers the law, and how the various participants in the system like insurers and employers behave (safety practices, claims administration, etc.) but also by nationwide fluctuations in the insurance industry. As part of a nationwide cycle, insurance rates have risen recently in all property/casualty lines including compensation, and the increase for 2001 is part of that. The continued increase in cost for 2002 can in part be attributed to rising medical benefit payments.

**Workers' Compensation Cost to Employers
Per \$100 Payroll**



LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WC ADMINISTRATION

Narrative

Activity Funding

The WCA unit is financed by an appropriation from the Workers' Compensation Fund.

Contact

For more information, contact the Workers' Compensation Division by phone at (651) 284-5017 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
 Program: WORKERS COMPENSATION DIVISION
 Activity: WC ADMINISTRATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	183	842	225	225	450
Total	183	842	225	225	450
<u>Expenditures by Category</u>					
Total Compensation	133	170	167	173	340
Other Operating Expenses	50	672	58	52	110
Total	183	842	225	225	450
Full-Time Equivalents (FTE)	1.5	2.0	2.0	2.0	

Program Description

The purpose of the Workplace Services Division is to support Minnesota workplaces to be healthy by preventing injuries and illnesses, promoting fair wages and working conditions, and assuring a highly skilled and educated workforce.

Budget Activities Included:

- ⇒ Apprenticeship
- ⇒ Labor Standards
- ⇒ Code Administration and Inspection Services
- ⇒ OSHA Compliance
- ⇒ Workplace Safety Consultation
- ⇒ Workplace Services Administration

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,905	2,839	2,839	2,839	5,678
Technical Adjustments					
One-time Appropriations			(345)	(345)	(690)
Subtotal - Forecast Base	2,905	2,839	2,494	2,494	4,988
Governor's Recommendations					
Code Enforcement		0	378	378	756
Total	2,905	2,839	2,872	2,872	5,744
Workforce Development					
Current Appropriation	450	450	450	450	900
Subtotal - Forecast Base	450	450	450	450	900
Total	450	450	450	450	900
Workers Compensation					
Current Appropriation	3,639	3,639	3,639	3,639	7,278
Subtotal - Forecast Base	3,639	3,639	3,639	3,639	7,278
Total	3,639	3,639	3,639	3,639	7,278
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,565	3,140	2,872	2,872	5,744
Workforce Development	419	482	450	450	900
Workers Compensation	3,118	4,039	3,639	3,639	7,278
Statutory Appropriations					
Special Revenue	225	420	325	325	650
Federal	4,885	5,191	5,111	5,263	10,374
Workers Compensation	2,941	3,080	2,880	2,880	5,760
Miscellaneous Agency	11	19	15	15	30
Total	14,164	16,371	15,292	15,444	30,736
<u>Expenditures by Category</u>					
Total Compensation	8,858	9,578	10,039	10,268	20,307
Other Operating Expenses	3,248	4,809	3,358	3,281	6,639
Local Assistance	2,058	1,984	1,895	1,895	3,790
Total	14,164	16,371	15,292	15,444	30,736
<u>Expenditures by Activity</u>					
Apprenticeship Programs	657	915	788	788	1,576
Labor Standards	588	761	673	673	1,346
Code Admin & Inspection Svs	1,968	2,201	2,189	2,189	4,378
Osha Compliance	6,894	7,993	7,581	7,705	15,286
Workplace Safety Consultation	3,912	4,029	3,840	3,868	7,708
Workplace Services Admin	145	472	221	221	442
Total	14,164	16,371	15,292	15,444	30,736
Full-Time Equivalent (FTE)	134.8	145.0	144.0	144.0	

Activity Description

The Apprenticeship unit exists to promote, develop, approve, and monitor quality registered apprenticeship training programs in Minnesota workplaces. Since 1939, registered apprenticeship has assisted both labor and industry to develop skilled workers through apprenticeship training. Minnesotans participating in apprenticeship training have recently become more diverse by gender and ethnicity than at any other time. The Apprenticeship unit conducts yearly technical assistance visits to training sites to ensure the quality of the employer's registered apprenticeship program is meeting agreed upon apprenticeship training standards while producing a highly skilled workforce.

Activity at a Glance

FY 2004:

- ◆ 325 sponsors of apprenticeship training with 90 occupations
- ◆ 7,896 apprentices in training, including 982 women and people of color
- ◆ 145 approved veterans receiving GI benefits
- ◆ 2,102 graduates during
- ◆ 2,335 new apprentices

Population Served

The Apprenticeship unit currently serves: all employer or employer/employee organizations interested in training apprentices; state, county, and local units of government that are preparing clients for entry into employment; all Minnesotans who are seeking career information about apprenticeship programs; and community-based organizations receiving Labor Education Advancement Program (LEAP) grants to promote apprenticeship opportunities and assist with the placement of and provide support services to women and people of color.

Services Provided

The Apprenticeship unit provides consultative services to all union and non-union employers interested in developing apprenticeship training standards in Minnesota. In addition to the assistance provided for the approval of apprenticeship program standards, the Apprenticeship unit provides technical assistance to all approved and registered apprentices, assists apprentices in maintaining the agreed upon conditions of their employment throughout the training program, and promotes the concept of apprentice training to all employers wishing to utilize the apprenticeship training model to train current and future employees. Beginning in FY 2004 the apprenticeship unit implemented electronic apprenticeship training agreements submitted from sponsors over the Internet.

Historical Perspective

In 1939, Minnesota became the fifth state to pass legislation referred to as the Voluntary Apprenticeship Law, M.S. 178. Since that time, there have been more than 115,659 Minnesotans who have participated in apprenticeship training and 57,235 have graduated to journeyworker status. During those early years, the war effort dominated the demand for skilled workers needed for heavy production and services, and apprenticeship provided those personnel needs. The economy has always had a direct impact on the needs of the industrial sectors within the state. As recently as 1994, enrollments in apprenticeship were 3,085 apprentices, including 107 women and people of color. In June of 2004, enrollment has increased to more than 7,896 apprentices, including 982 women and people of color. While economic conditions have changed during the past few years, enrollment of apprentices learning skilled trades has remained fairly constant as compared to past economic downturns. This speaks well for the usage of apprenticeship as a preferred method of training skilled workers.

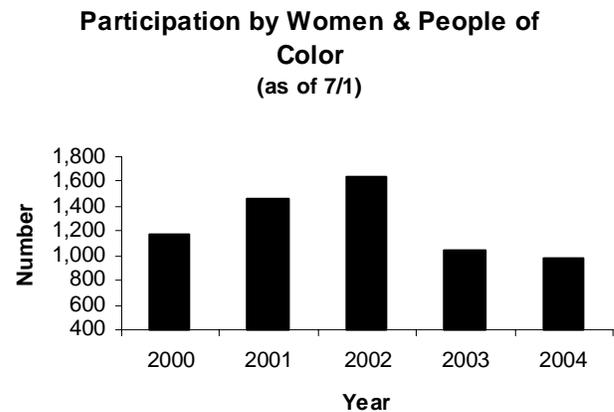
LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

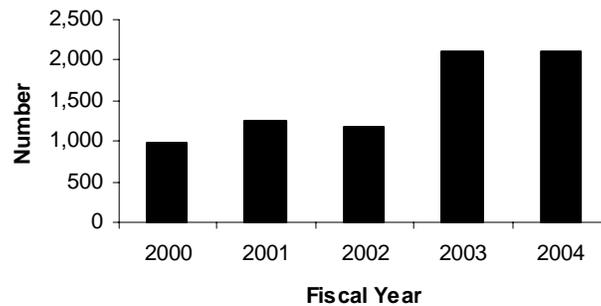
Activity: **APPRENTICESHIP PROGRAMS**

Narrative

Key Measures



Apprenticeship Completions



Activity Funding

The Apprenticeship unit is funded from three sources; an appropriation from the Workforce Development Fund, an annual registration fee of \$30 per apprentice paid by each sponsor, and a federal grant from the Veteran's Administration for approving all eligible veteran apprenticeship and on-the-job training programs.

Contact

For more information, contact the Apprenticeship unit by phone at (651) 284-5090 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Apprenticeship@state.mn.us or visit online at <http://www.doli.state.mn.us/appr.html>.

LABOR AND INDUSTRY DEPT
 Program: WORKPLACE SERVICES DIVISION
 Activity: APPRENTICESHIP PROGRAMS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workforce Development	412	474	442	442	884
Statutory Appropriations					
Special Revenue	205	395	300	300	600
Federal	40	46	46	46	92
Total	657	915	788	788	1,576
<u>Expenditures by Category</u>					
Total Compensation	424	433	453	469	922
Other Operating Expenses	133	382	235	219	454
Local Assistance	100	100	100	100	200
Total	657	915	788	788	1,576
Full-Time Equivalents (FTE)	6.5	6.5	6.5	6.5	

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: LABOR STANDARDS

Narrative

Activity Description

The purpose of the Labor Standards unit is to administer and enforce Minnesota employment laws affecting employee wages, child labor, prevailing wages, and fee employment agencies. This unit also provides education and outreach activities to employers and employees. The unit has been established to ensure employers pay all employees in this state for all hours worked, to ensure accurate and timely prevailing-wage rates are set for state-funded construction projects, and to ensure fee employment agencies are knowledgeable of the laws governing them. The authority for this activity comes from M.S. 177 (Minnesota Fair Labor Standards Act), M.S. 181, M.S. 181A (Child Labor Standards Act), and M.S. 184 (Employment Agency).

Activity at a Glance

FY 2004

- ◆ Investigated 334 cases of labor law compliance.
- ◆ Responded to 25,119 calls and e-mail messages.
- ◆ Processed 95 wage claims.
- ◆ Set prevailing-wage rates for all counties in Minnesota.

Population Served

The customers this unit serves are Minnesota employees and employers, labor organizations, schools and other state agencies.

Services Provided

The primary activities of the Labor Standards unit are enforcement, education, licensing, and surveying. Enforcement methods include investigation, mediation, on-site inspection, and issuing penalties and fines. Education methods include providing statute and rule information; 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, and a survey is conducted to set the prevailing-wage rates.

Key Measures

The three key performance measures in the Labor Standards unit are: 1) number of complaints investigated (minimum wage, overtime, child labor) and number of wage claims processed; 2) dollar amount recovered for back wages and wage claims; and 3) customer contacts.

⇒ To ensure the timely and accurate payment of wages for all hours worked by employees in Minnesota, the unit investigates complaints and processes wage claims (final paycheck disputes) in accordance with the Minnesota Fair Labor Standards Act (M.S. 177) and M.S. 181. To ensure 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. 181A).

Key Measure (1) for	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Cases opened	342	330	285	334
Cases closed	355	331	282	353
Wage claims opened	172	152	152	95
Wage claims closed	172	148	131	95
Key Measure (2) for	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Back wages collected	\$56,773	\$36,000	\$21,276	\$6,515
Wage claims collected	\$13,083	\$9,200	\$39,501	\$25,091

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: LABOR STANDARDS

Narrative

⇒ 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) for	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Telephone calls and e-mail	82,270	66,205	28,915	25,119
Education and outreach activities (presentations, etc.)	35	150	114	22
Distribution of all (including translated) informational materials	n/a	50,000	41,540	29,692

Activity Funding

The Labor Standards unit is financed by an appropriation from the General Fund. The unit collects revenue from:

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

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

Contact

For more information, contact Labor Standards by phone at (651) 284-5005 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.LaborStandards@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
 Program: WORKPLACE SERVICES DIVISION
 Activity: LABOR STANDARDS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	577	742	658	658	1,316
Statutory Appropriations					
Miscellaneous Agency	11	19	15	15	30
Total	588	761	673	673	1,346
<u>Expenditures by Category</u>					
Total Compensation	442	449	476	499	975
Other Operating Expenses	146	312	197	174	371
Total	588	761	673	673	1,346
Full-Time Equivalents (FTE)	7.5	7.5	7.5	7.5	

Activity Description

Code Administration and Inspection Services (CAIS) exists to ensure the safety of boilers, pressure vessels, charter boats, and high-pressure-piping (HPP) systems in the state, pursuant to M.S. 183 and M.S. 326.46 to 326.521, which is accomplished through the adoption of regulations, licensing of boiler and boat operators and pipefitters, and conducting inspections. This activity has regulated boilers, pressure vessels, and charter boats for more than 100 years, with the objective of preventing death, injuries, and property damage from boiler and pressure-vessel explosions and hazardous charter boats. It has regulated high-pressure piping for more than 60 years, with the objective of preventing death, injuries, and property damage from ruptures in high-pressure-piping systems.

Activity at a Glance

FY 2004:

- ◆ 79,429 registered boilers and pressure vessels
- ◆ 12,355 boiler and pressure-vessel inspections
- ◆ 35,390 licenses issued (4,556 exams)
- ◆ 45,377 insurer inspection reports processed
- ◆ 1,217 high-pressure-piping inspections (135 permits)

Population Served

CAIS' primary customers are the owners and operators of boilers, pressure vessels, charter boats, and high-pressure-piping systems. Indirectly, CAIS serves employees and the public who work and live around these vessels and high-pressure-piping systems, and passengers on charter boats operating on the state's inland waters.

Services Provided

- ⇒ Administer and enforce the state code on boilers, pressure vessels, and charter boats, which incorporates by reference the ASME Boiler and Pressure Vessel Code; National Board Inspection Code; and Code of Federal Regulations, Titles 33 and 46 (U.S. Coast Guard).
- ⇒ Administer and enforce the code on ammonia and power-piping systems.
- ⇒ Inspect boilers, pressure vessels, hobby boilers, charter boats, and high-pressure-piping systems.
- ⇒ License boiler operators, boat masters, and high-pressure-piping pipefitters and contractors.
- ⇒ Investigate compliance with state laws governing boilers, pressure vessels, hobby boilers, charter boats, and high-pressure-piping systems.

Historical Perspective

In 1881, following many deaths and injuries from boiler explosions during the preceding years, the Minnesota Legislature adopted several regulations to protect people and property, and created the department's boiler division to enforce the regulations. Regulation of the installation of high-pressure piping was added in 1937. The cost to administer and implement these laws is borne by those covered or regulated by the laws through user fees. CAIS collected a \$5 surcharge on boiler engineer licenses, and boiler and pressure vessel inspections during FY 2004 and FY 2005 to cover administrative and inspection costs associated with reducing the backlog of past due boiler and pressure vessel inspections.

LABOR AND INDUSTRY DEPT

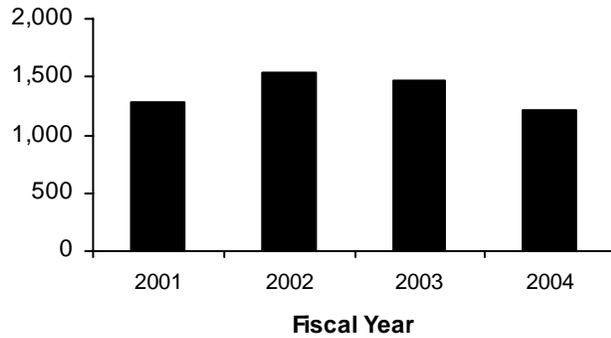
Program: **WORKPLACE SERVICES DIVISION**

Activity: **CODE ADMIN & INSPECTION SVS**

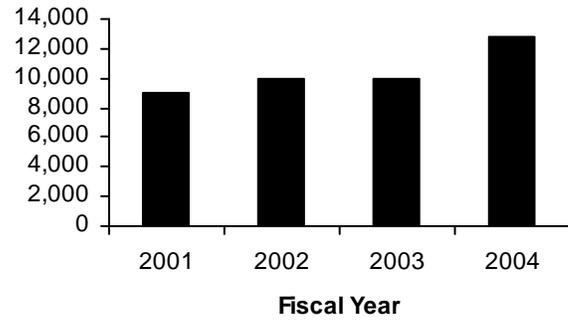
Narrative

Key Measures

High-Pressure-Piping Inspections



Boiler & Pressure Vessel Inspections



Activity Funding

Code Administration and Inspection Services is financed by an appropriation from the General Fund. Costs are recovered through the collection of license, inspection, permit, and seminar registration fees.

Contact

For more information, contact Code Administration and Inspection Services by phone at (651) 284-5080 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Code@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
Program: WORKPLACE SERVICES DIVISION
Activity: CODE ADMIN & INSPECTION SVS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,958	2,190	2,178	2,178	4,356
Statutory Appropriations					
Special Revenue	10	11	11	11	22
Total	1,968	2,201	2,189	2,189	4,378
<u>Expenditures by Category</u>					
Total Compensation	1,328	1,413	1,501	1,538	3,039
Other Operating Expenses	640	788	688	651	1,339
Total	1,968	2,201	2,189	2,189	4,378
Full-Time Equivalents (FTE)	19.2	20.0	21.0	21.0	

Activity Description

The Minnesota Occupational Safety and Health Act (MNOSHA) program's mission is to ensure every worker in Minnesota has a safe and healthy workplace, by establishing and enforcing safety and health standards in Minnesota workplaces. Because Minnesota has received approval from federal OSHA to administer its own occupational safety and health program, MNOSHA addresses the unique safety issues of Minnesota's industries and businesses. The program achieves its mission by conducting safety and health inspections, and providing other services that are evaluated regularly by the federal OSHA program.

Activity at a Glance

- ◆ 2.5 million workers in Minnesota
- ◆ 157,000 private and public-sector employers
- ◆ 98% of Minnesota's workers are covered by Minnesota Occupational Safety and Health Act.
- ◆ \$3.6 million in penalties were assessed in FFY 2004.
- ◆ 9,814 telephone calls from customers were received in FFY 2004.

Population Served

All public and private employers in Minnesota, except federal agencies and exclusive federal-jurisdiction properties, are covered under the MNOSHA program. Therefore, nearly all Minnesota workers are served by MNOSHA. Based on the current budget and staffing level, it would take more than 75 years for MNOSHA to inspect all employers within the state. Because of that, MNOSHA efforts are concentrated on inspections in high-hazard industries, employee complaints, and companies with high workers' compensation injury rates.

Services Provided

The MNOSHA compliance program serves its stakeholders by promoting safe and healthful working conditions for all Minnesota workers by

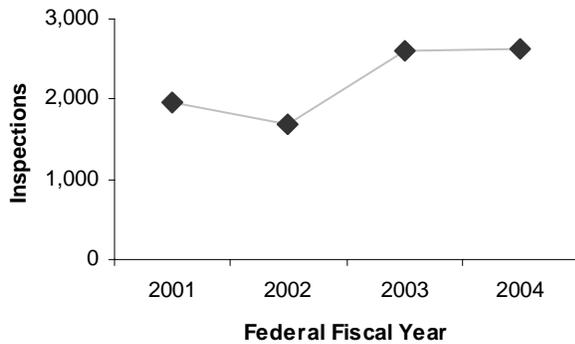
- ◆ establishing standards that are as least as effective as federal OSHA standards;
- ◆ conducting inspections that identify hazardous conditions;
- ◆ setting abatement dates for inspection violations to eliminate or control hazards;
- ◆ issuing citations and penalties to promote compliance;
- ◆ investigating workplace fatalities and serious accidents to prevent future recurrence;
- ◆ investigating complaints that employers have discriminated against employees for raising safety or health concerns;
- ◆ provides assistance in regard to Homeland Security Issues;
- ◆ providing customer education and outreach through information, seminars, and technical assistance; and
- ◆ responding to employee complaints as required by federal OSHA.

Historical Perspective

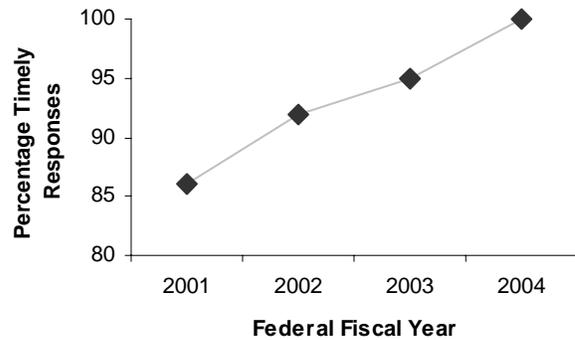
The MNOSHA program was established by the Minnesota Legislature with the passage of the Minnesota Occupational Safety and Health Act of 1973, created by M.S. 182. The program became effective 8-1-73. Final approval of Minnesota's state plan was obtained from federal OSHA on 7-30-85. The U.S. Department of Labor, Occupational Health, and Safety Administration, monitors the program's activities, progress, and expenditures monthly.

Key Measures

OSHA Inspections Conducted



OSHA Imminent Danger Complaints



Activity Funding

MNOSHA is financed by a federal grant that is matched with an appropriation from the Workers' Compensation Fund. The activity generates nondedicated revenue for the Workers' Compensation Fund through penalties assessed on employers that are not in compliance with MNOSHA standards.

Contact

For more information, contact MSOSHA by phone at (651) 284-5050 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at OSHA.Compliance@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
 Program: WORKPLACE SERVICES DIVISION
 Activity: OSHA COMPLIANCE

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	3,010	3,783	3,462	3,462	6,924
Statutory Appropriations					
Special Revenue	3	4	4	4	8
Federal	3,881	4,206	4,115	4,239	8,354
Total	6,894	7,993	7,581	7,705	15,286
<u>Expenditures by Category</u>					
Total Compensation	5,189	5,646	5,953	6,060	12,013
Other Operating Expenses	1,705	2,347	1,628	1,645	3,273
Total	6,894	7,993	7,581	7,705	15,286
Full-Time Equivalents (FTE)	81.5	87.8	87.8	87.8	

Activity Description

The Workplace Safety Consultation (WSC) unit provides a broad network of occupational safety and health services at no cost to small and medium sized high-hazard industries that request assistance to voluntarily comply with the Minnesota Occupational Safety and Health Act (MNOSHA). This activity assists employers and employees to implement effective safety and health programs to prevent injuries and illnesses that may result from exposure to hazardous workplace conditions and work practices.

Activity at a Glance

FFY 2004:

- ◆ \$2.7 million penalty savings for employers
- ◆ 792 outreach sessions and 23,598 participants
- ◆ 963 on-site consultation inspections
- ◆ 85,920 workers impacted by on-site consultation inspections

Population Served

Although efforts are targeted towards small and medium sized employers, all public and private employers in Minnesota, except federal agencies and exclusive federal-jurisdiction properties, are covered under the MNOSHA program. Therefore, nearly all Minnesota workers are served by WSC.

Services Provided

The WSC unit provides many services by

- ◆ assisting employers and employees to recognize hazards in the workplace;
- ◆ suggesting approaches or options for solving a safety or health problem;
- ◆ providing a timely written report of findings to the employer, including the posting of hazards;
- ◆ training and educating employers and employees through seminars and workshops at the employer's worksite and at other off-site locations throughout the state; and
- ◆ recommending employers and employees for partnership and recognition programs, such as MNSTAR and Minnesota Safety and Health Achievement Recognition Program (MNSHARP).

Other specific programs:

- ⇒ **Loggers' Safety Education Program** – The WSC administers M.S. 176.130 to ensure Minnesota loggers have the opportunity to obtain safety training. Funds are redistributed to logger employers through an assessment collected from the wood mills upon completion of safety training by their employees.
- ⇒ **Labor Management Safety Committee Program** – This program emphasizes the labor-management safety committee structure through a joint effort with the Bureau of Mediation Services. This program reinforces the importance of labor-management cooperation in workplace safety issues and helps prevent workplace injuries.
- ⇒ **Safety Hazard Abatement Grant Program** – The assigned risk safety account was established to allow businesses to receive grants to assist in covering the cost of: 1) obtaining safety equipment; 2) operating and maintaining equipment; or 3) purchasing or renting real property to meet criteria established by on-site safety inspections.
- ⇒ **Workplace Violence Prevention Program** – This program helps employers and employees deal with the increasing incidence of violence in the workplace. The program develops common sense preventive measures and informs employers and employees about how to prevent violence and what to do when confronted with a violent situation.
- ⇒ **MNSHARP** – The MNSHARP provides incentives and support to smaller, high-hazard employers to work with their employees to develop, implement, and continuously improve the effectiveness of their workplace safety and health programs. The goal of the program is to reduce injury and illness rates below the national average for their industry.
- ⇒ **Ergonomic Outreach Program** – This program offers assistance and resources to employers and employees focusing on the identification and elimination of workplace risk factors associated with work-related musculoskeletal disorders (WMSDs). Consultants work with employers and industry groups, conducting on-site ergonomic assessments and providing training in an effort to improve safety management techniques, workplace safety practices, and working conditions.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **WORKPLACE SAFETY CONSULTATION**

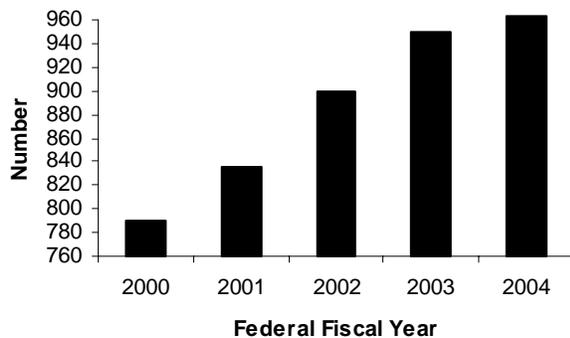
Narrative

⇒ **Safety and Health Educational Outreach Program** – This program offers workshops to help educate employers and employees about workplace safety and health hazards, and the OSHA standards addressing them. Its aim is to assist employers in implementing and maintaining effective safety and health programs, with the goals of lowering injury and illness rates and reducing workplace injury costs.

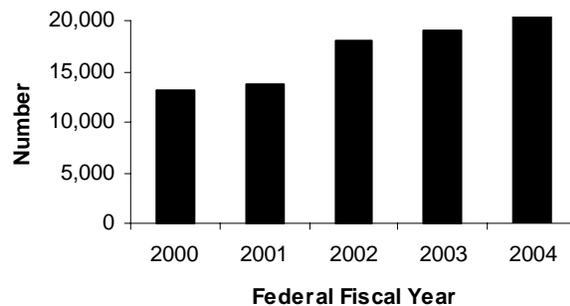
Key Measures

WSC efforts in the area of safety and health have: 1) resulted in greater voluntary safety and health efforts and improved worker protection through non-adversarial means; 2) led to better allocations of OSHA resources by minimizing duplications of work between enforcement and consultation staff; and 3) enabled MNOSHA consultants to concentrate on workplaces and to assist employers in controlling or eliminating hazards, establishing effective safety and health programs, and reducing workers' compensation costs.

On-site Consultation Inspections



Number of Participants at Outreach Sessions



Activity Funding

WSC is financed by a federal grant that is matched with funding from the assigned risk safety account in the Workers' Compensation Fund. The Loggers' Safety Education program is funded by an assessment paid by wood mills.

Contact

For more information, contact Workplace Safety Consultation by phone at (651) 284-5060 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at OSHA.Consultation@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
Program: WORKPLACE SERVICES DIVISION
Activity: WORKPLACE SAFETY CONSULTATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Special Revenue	7	10	10	10	20
Federal	964	939	950	978	1,928
Workers Compensation	2,941	3,080	2,880	2,880	5,760
Total	3,912	4,029	3,840	3,868	7,708
<u>Expenditures by Category</u>					
Total Compensation	1,344	1,500	1,487	1,529	3,016
Other Operating Expenses	610	645	558	544	1,102
Local Assistance	1,958	1,884	1,795	1,795	3,590
Total	3,912	4,029	3,840	3,868	7,708
Full-Time Equivalents (FTE)	18.6	21.2	19.2	19.2	

Activity Description

Workplace Services Administration (WSA) provides leadership and support to the division's program units as they work to prevent workplace injuries and illnesses, promote fair wages and working conditions, ensure the safety of boiler and high-pressure-piping systems, and assure a highly skilled and educated workforce.

Activity at a Glance

- ◆ Direct the activities of 145 division employees through five operating units.
- ◆ Administer division budget of \$16 million for FY 2005.

Population Served

This activity manages the five units of the Workplace Services Division so that stakeholders—including employees, employers, and owners and operators of boilers, pressure vessels, charter boats, and high-pressure-piping systems—receive prompt and efficient service.

Services Provided

The Workplace Services Division's regulatory activities help to keep Minnesota workers safe by

- ◆ providing information and education to employees, employers, community-based and trade organizations;
- ◆ conducting safety inspections;
- ◆ providing workplace safety information and resources to prevent injuries; and
- ◆ providing administrative assistance to ensure a highly skilled workforce.

In addition to providing leadership to the Workplace Services Division, WSA supports the activities of the Occupational Safety and Health Act (OSHA) Advisory Council.

Activity Funding

The WSA activity is financed by appropriations from the general, workforce development, and workers' compensation funds.

Contact

For more information, contact the Workplace Services Division by phone at (651) 284-5018 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Communications@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT
Program: WORKPLACE SERVICES DIVISION
Activity: WORKPLACE SERVICES ADMIN

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	30	208	36	36	72
Workforce Development	7	8	8	8	16
Workers Compensation	108	256	177	177	354
Total	145	472	221	221	442
<u>Expenditures by Category</u>					
Total Compensation	131	137	169	173	342
Other Operating Expenses	14	335	52	48	100
Total	145	472	221	221	442
Full-Time Equivalents (FTE)	1.5	2.0	2.0	2.0	

Program Description

The General Support Division supports internal customers in six management areas: 1) research and statistics; 2) information technology development and support; 3) legal advice and litigation; 4) financial management; 5) communications; and 6) human resources.

Population Served

This division provides leadership to other agency activities serving workers and employers in Minnesota.

Services Provided

The *Research and Statistics* unit collects, analyzes, and reports workplace safety and workers' compensation data. It conducts surveys of employers to estimate work-related injury and illness incidence rates. It produces two major statistical reports, conducts performance measurement, satisfaction survey, and public policy research projects.

The *Information Technology Services* unit provides technology and telecommunications support to Department of Labor and Industry (DLI) operations. It manages and leads all computer systems development for DLI and systems shared with the Office of Administrative Hearings and the Workers' Compensation Court of Appeals.

The *Legal Services* unit serves DLI activities as in-house legal counsel, responding to requests for legal advice from agency staff in the performance of their duties. Legal advice requests include issues involving the administration of a state agency, data practices, workers' compensation, occupational safety and health, labor standards, prevailing wage, and high-pressure-piping and boiler code. The unit conducts rulemaking and provides specialized litigation services for matters involving the Special Compensation Fund, Compliance Services, and Occupational Safety and Health Act (OSHA) compliance. The unit also provides assistance directly to the public, other government entities, and the legislature.

The *Financial Services* unit provides all aspects of agency financial management services, including budgeting, accounting, payroll, purchasing, and financial reporting.

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

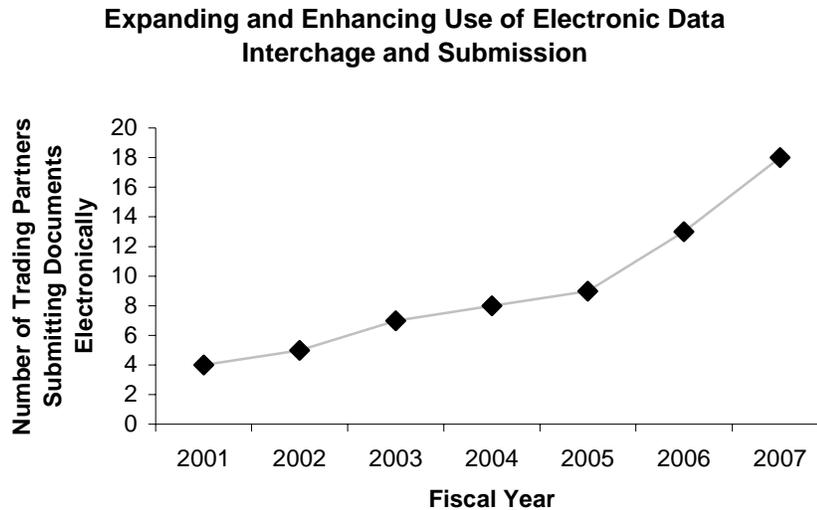
The *Human Resources* unit manages all labor relations, employee development, staffing, job classification, compensation and benefits, safety, and affirmative action functions.

Program at a Glance

- ◆ Provides support to 355 agency employees located in eight offices statewide
- ◆ Administers \$122 million budget for FY 2005
- ◆ 863,000 web site visits in CY 2004
- ◆ Maintains federal survey response rate of 100%
- ◆ Responds to 100 requests for statistical data annually
- ◆ Represents DLI programs in more than 480 cases annually

Key Measures

⇒ Expanding and enhancing use of electronic data interchange and submission.



Program Funding

The program 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 director by phone at (651) 284-5080 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.communications@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: GENERAL SUPPORT DIVISION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
Workers Compensation					
Current Appropriation	5,592	5,287	5,287	5,287	10,574
Subtotal - Forecast Base	5,592	5,287	5,287	5,287	10,574
Total	5,592	5,287	5,287	5,287	10,574
 <u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	5,388	5,498	5,287	5,287	10,574
Open Appropriations					
Workers Compensation	175	173	173	173	346
Statutory Appropriations					
Special Revenue	969	1,185	1,185	1,185	2,370
Federal	141	153	151	151	302
Total	6,673	7,009	6,796	6,796	13,592
 <u>Expenditures by Category</u>					
Total Compensation	4,965	5,198	5,330	5,361	10,691
Other Operating Expenses	1,708	1,811	1,466	1,435	2,901
Total	6,673	7,009	6,796	6,796	13,592
 <u>Expenditures by Activity</u>					
General Support Division	6,673	7,009	6,796	6,796	13,592
Total	6,673	7,009	6,796	6,796	13,592
 Full-Time Equivalents (FTE)	 68.5	 68.2	 68.1	 66.1	

LABOR AND INDUSTRY DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2004	Budgeted FY2005	Governor's Recomm.		Biennium 2006-07
			FY2006	FY2007	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	2,575	2,673	3,083	3,083	6,166
Workers Compensation	543	545	545	545	1,090
Other Revenues:					
General	55	56	56	56	112
Workers Compensation	112,341	107,108	103,848	103,848	207,696
Total Non-Dedicated Receipts	115,514	110,382	107,532	107,532	215,064
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Special Revenue	351	298	298	298	596
Workers Compensation	3,104	3,110	3,110	3,110	6,220
Grants:					
Federal	5,034	5,335	5,262	5,414	10,676
Other Revenues:					
Special Revenue	1,209	1,277	1,307	1,277	2,584
Workers Compensation	35	30	30	30	60
Miscellaneous Agency	15	15	15	15	30
Total Dedicated Receipts	9,748	10,065	10,022	10,144	20,166
Agency Total Revenue	125,262	120,447	117,554	117,676	235,230

Federal Program (\$ in Thousands)	Related SFY 2004 Spending	Primary Purpose	SFY 2004 Revenues	SFY 2005 Revenues	Estimated SFY 2006 Revenues	Estimated SFY 2007 Revenues
OSHA Compliance	\$3,010	SO	\$3,881	\$4,205	\$4,115	\$4,239
OSHA Consultation	569	SO	970	933	950	978
Bureau of Labor Statistics	91	SO	107	111	109	109
OSHA Survey	0	SO	34	42	42	42
Veteran's Administration – Apprenticeship	0	SO	40	46	46	46
Agency Total	\$3,670		\$5,032	\$5,337	\$5,262	\$5,414

Key:

Primary Purpose

SO = State Operations

GPS = Grants to Political Subdivision

GI = Grants to Individuals

GCBO = Grants to Community Based Organizations

The 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. 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. The Veteran's Administration – Apprenticeship grant provides funding necessary to review and approve eligible veteran apprenticeship and on-the-job training programs.

Federal funding contributes to 5% of the agency's 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 and Veteran's Administration – Apprenticeship programs are 100% federally funded.

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Budgeted FY 2005	Most Recent Federal Award (cite year)
Safety Hazard Abatement State M.S. 79.253	To make grants or loans to employers for the cost of implementing safety recommendations.	Employers	\$1,015,000	N/A
Labor Education and Advancement Program State M.S. 178.11	To facilitate the participation of women and minorities in apprenticeship trades and occupations.	Community-based organizations	\$100,000	N/A
Vinland Center State Laws of 2003, Chapter 128, Article 10, Section 5, Subd. 2	To provide specialized rehabilitation services for injured and disabled workers	Vinland Center	\$125,000	N/A