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Office of Administrative Hearings

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AT A GLANCE

The Office of Administrative Hearings (OAH):

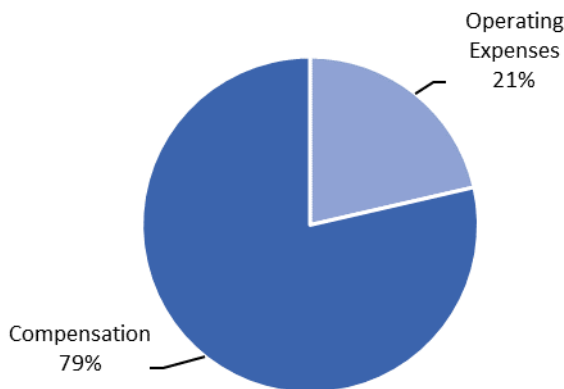
- Annually receives 10,000 workers compensation disputes involving 7,500 workers and their employers, insurers, and medical providers.
- Has served over 250 state agencies and local units of government involving over 200 unique areas of administrative law since the court’s creation in 1975.
- Is the largest of three Executive Branch courts with over sixty full-time equivalents located in St. Paul and Duluth that serve the entire State of Minnesota.

PURPOSE

The Office of Administrative Hearings (OAH) renders justice through fair, timely, and impartial administrative hearings and high-quality dispute resolution services.

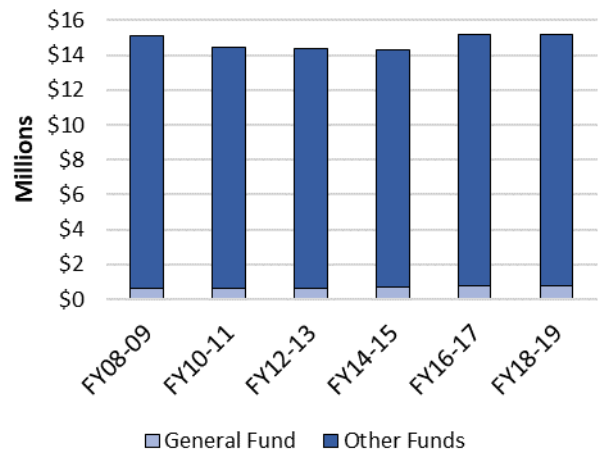
BUDGET

**Spending by Category
FY 2019 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The agency’s funding comes from three sources:

1. Workers’ Compensation Special Compensation Fund (78% of total funding)
2. Administrative Law Enterprise Fund (15% of total funding)
3. General Fund (7% of total funding)

General fund appropriations of \$400,000 per biennium represent no more than 7% of total agency funding and support a limited scope of work: municipal boundary adjustments, fair campaign practice complaints, and certain data practices matters.

STRATEGIES

OAH is an energetic, responsive, and respected service provider to Minnesotans, state and local governments, and the workers' compensation system.

OAH respects the tenets of procedural fairness in our hearing rooms and workplace:

- **Voice.** We ensure the opportunity for each person to express their own viewpoint.
- **Respect.** We treat everyone with courtesy and dignity.
- **Neutrality.** We apply the laws and rules consistently and fairly.
- **Trust.** We make unbiased and transparent decisions.
- **Understanding.** We communicate in plain language.
- **Helpfulness.** We provide quality services.

We practice these values by:

- Applying the law impartially, competently, and diligently.
- Assisting others in understanding court procedures and processes.
- Fostering understanding of Minnesota's administrative law and workers' compensation laws.
- Fully considering information from everyone involved.
- Listening with a genuine interest in the needs, problems, and concerns of others.
- Promoting equity through the practice of intercultural competency and the elimination of bias.
- Striving to reflect the diversity of Minnesota within our workforce.
- Using a cooperative team approach to solve problems.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total new workers' compensation cases filed	10,192	9,502	FY19, FY20
Quantity	Total new administrative law cases filed	850	756	FY19, FY20
	Contested cases	572	516	
	Rulemaking matters	101	93	
	Municipal boundary adjustment requests	134	130	
	Unfair campaign practice complaints	43	17	
Result	Percent of all disputes resolved through settlements, promoting control by the parties, certainty, and efficiency	70%	70%	FY19, FY20

The primary legal authority for the Office of Administrative Hearings:

- M.S. 14 Administrative Procedure (<https://www.revisor.mn.gov/statutes/?id=14>)
- M.S. 115 Water Pollution Control; Sanitary Districts (<https://www.revisor.mn.gov/statutes/?id=115>)
- M.S. 176 Workers' Compensation (<https://www.revisor.mn.gov/statutes/?id=176>)
- M.S. 211B Unfair Campaign Practice Complaints (<https://www.revisor.mn.gov/statutes/cite/211B>)
- M.S. 414 Municipal Boundary Adjustments (<https://www.revisor.mn.gov/statutes/?id=414>)

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
<u>Expenditures by Fund</u>								
1000 - General	332	368	376	423	400	400	405	409
2800 - Environmental	30	49	20	80	50	50	50	50
2830 - Workers Compensation	7,219	7,150	6,751	8,911	7,743	7,919	7,743	7,919
3010 - Coronavirus Relief			6					
5201 - Administrative Hearings	2,727	2,605	2,390	2,778	2,728	2,728	2,728	2,728
5202 - Workers Comp Transcript	6	2	4	4	4	4	4	4
Total	10,314	10,174	9,548	12,196	10,925	11,101	10,930	11,110
Biennial Change				1,257		282		296
Biennial % Change				6		1		1
Governor's Change from Base								14
Governor's % Change from Base								0

Expenditures by Program

Administrative Hearings	10,314	10,174	9,548	12,196	10,925	11,101	10,930	11,110
Total	10,314	10,174	9,548	12,196	10,925	11,101	10,930	11,110

Expenditures by Category

Compensation	8,088	7,997	7,846	8,362	8,645	8,837	8,649	8,845
Operating Expenses	2,226	2,176	1,703	3,834	2,280	2,264	2,281	2,265
Total	10,314	10,174	9,548	12,196	10,925	11,101	10,930	11,110

Full-Time Equivalent

	63.88	62.03	60.61	63.00	65.00	65.00	65.00	65.00
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(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		67		23				
Direct Appropriation	397	400	400	400	400	400	405	409
Cancellations		98						
Balance Forward Out	65		24					
Expenditures	332	368	376	423	400	400	405	409
Biennial Change in Expenditures				99		1		15
Biennial % Change in Expenditures				14		0		2
Governor's Change from Base								14
Governor's % Change from Base								2
Full-Time Equivalents	1.93	1.48	1.60	1.66	1.66	1.66	1.66	1.66

2800 - Environmental

Balance Forward In		20		30				
Transfers In	50	50	50	50	50	50	50	50
Cancellations		21						
Balance Forward Out	20		30					
Expenditures	30	49	20	80	50	50	50	50
Biennial Change in Expenditures				21		0		0
Biennial % Change in Expenditures				27		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.23	0.18	0.06	0.22	0.22	0.22	0.22	0.22

2830 - Workers Compensation

Balance Forward In		779		1,080		88		88
Direct Appropriation	7,787	7,804	7,831	7,831	7,831	7,831	7,831	7,831
Transfers Out	2							
Cancellations		1,433						
Balance Forward Out	566		1,080		88		88	
Expenditures	7,219	7,150	6,751	8,911	7,743	7,919	7,743	7,919
Biennial Change in Expenditures				1,293		0		0
Biennial % Change in Expenditures				9		0		0
Governor's Change from Base								0

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Governor's % Change from Base								0
Full-Time Equivalents	45.13	43.26	43.11	46.25	46.25	46.25	46.25	46.25

3010 - Coronavirus Relief

Direct Appropriation			6					
Transfers In			5					
Transfers Out			5					
Cancellations			0					
Expenditures			6					
Biennial Change in Expenditures				6		(6)		(6)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

5201 - Administrative Hearings

Balance Forward In	752	807	575	284	85	232	85	232
Receipts	2,786	2,363	2,100	2,579	2,875	2,980	2,875	2,980
Balance Forward Out	812	565	284	85	232	484	232	484
Expenditures	2,727	2,605	2,390	2,778	2,728	2,728	2,728	2,728
Biennial Change in Expenditures				(163)		288		288
Biennial % Change in Expenditures				(3)		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.54	17.11	15.84	14.87	16.87	16.87	16.87	16.87

5202 - Workers Comp Transcript

Balance Forward In	49	46	47	45	43	41	43	41
Receipts	3	2	2	2	2	2	2	2
Balance Forward Out	46	47	45	43	41	39	41	39
Expenditures	6	2	4	4	4	4	4	4
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(1)		1		1
Governor's Change from Base								0

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's % Change from Base								0
Full-Time Equivalents	0.05							

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Change Items				
Operating Adjustment		5	9	14
Total Governor's Recommendations	400	405	409	814
Fund: 2830 - Workers Compensation				
FY2021 Appropriations	7,831	7,831	7,831	15,662
Forecast Base	7,831	7,831	7,831	15,662
Total Governor's Recommendations	7,831	7,831	7,831	15,662
Dedicated				
Fund: 5201 - Administrative Hearings				
Planned Spending	2,778	2,728	2,728	5,456
Forecast Base	2,778	2,728	2,728	5,456
Total Governor's Recommendations	2,778	2,728	2,728	5,456
Fund: 5202 - Workers Comp Transcript				
Planned Spending	4	4	4	8
Forecast Base	4	4	4	8
Total Governor's Recommendations	4	4	4	8
Revenue Change Summary				
Dedicated				
Fund: 5201 - Administrative Hearings				
Forecast Revenues	2,579	2,875	2,980	5,855
Total Governor's Recommendations	2,579	2,875	2,980	5,855
Fund: 5202 - Workers Comp Transcript				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	33	33	33	66
Total Governor's Recommendations	33	33	33	66

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 2830 - Workers Compensation				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2

Office of Administrative Hearings

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	0	5	9	9	9
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	5	9	9	9
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$5,000 in FY 2022 and \$9,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Office of Administrative Hearings. This is an increase of 1.7 percent over OAH’s existing general fund base for the FY22-23 biennium.

Rationale/Background:

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases. Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect.

Proposal:

The Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation. For OAH, this funding will cover expected and anticipated employee compensation growth, as well as known cost increases in IT services.

Results:

This proposal is intended to allow the Office of Administrative Hearings to continue to provide current levels of service and information to the public.

Office of Administrative Hearings

Administrative Hearings

Fund 5201

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Operating Revenues:				
Net Sales	2,076	2,579	2,875	2,980
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	2,076	2,579	2,875	2,980
Gross Margin	2,076	2,579	2,875	2,980
Operating Expenses:				
Purchased Services	156	430	245	245
Salaries and Fringe Benefits	1,765	2,196	2,330	2,330
Claims				
Depreciation				
Amortization				
Supplies and Materials	5	5	5	5
Indirect Costs	20	20	20	20
Other Expenses				
Total Operating Expenses	1,946	2,651	2,600	2,600
Operating Income (Loss)	130	(72)	275	380
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	130	(72)	275	380
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	130	(72)	275	380
Net Assets, Beginning as Reported	575	284	85	232
Net Assets, Ending	705	212	360	612
Rate increase/(decrease)				
Full Time Equivalents (FTE)	15.8	14.9	16.9	16.9

Office of Administrative Hearings

Administrative Hearings

Fund 5201

Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	183	183
Investments		
Accounts Receivable	218	218
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	401	401
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)	1	1
Total Noncurrent Assets	1	1
Total Assets	402	402
LIABILITIES		
Current Liabilities:		
Accounts Payable	111	111
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	16	16
Total Current Liabilities	127	127
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	160	160
Other Liabilities	758	758
Total Noncurrent Liabilities	918	918
Total Liabilities	1,045	1,045
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	(1,801)	(1,801)
Total Net Assets	(1,801)	(1,801)

Office of Administrative Hearings

Administrative Hearings

Fund 5201

Brief Narrative

Background:

Administrative Hearings Fund 5201 is both an enterprise and internal service fund. It provides fair and impartial contested case hearings for individuals challenging actions taken by state and local governments.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

Although improvements in technology is needed in this fund, there are no current plans at this time.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

None

Explain any reasons for rate changes:

None

Impact of rate changes on affected agencies:

None

Office of Administrative Hearings

Workers' Compensation Transcript

Fund 5202

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Operating Revenues:				
Net Sales	2	2	2	2
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	2	2	2	2
Gross Margin	2	2	2	2
Operating Expenses:				
Purchased Services	3	2	2	2
Salaries and Fringe Benefits	(3)			
Claims				
Depreciation				
Amortization				
Supplies and Materials				
Indirect Costs				
Other Expenses				
Total Operating Expenses	0	2	2	2
Operating Income (Loss)	2	0	0	0
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	2	0	0	0
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	2	0	0	0
Net Assets, Beginning as Reported	43	45	45	45
Net Assets, Ending	45	45	45	45
Rate increase/(decrease)				
Full Time Equivalents (FTE)	0.0	0.0	0.0	0.0

Office of Administrative Hearings

Workers' Compensation Transcript

Fund 5202

Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	45	46
Investments		
Accounts Receivable		
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	45	46
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	45	46
LIABILITIES		
Current Liabilities:		
Accounts Payable		
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable		
Total Current Liabilities	0	0
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable		
Other Liabilities		
Total Noncurrent Liabilities	0	0
Total Liabilities	0	0
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	46	47
Total Net Assets	46	47

Office of Administrative Hearings

Workers' Compensation Transcript

Fund 5202

Brief Narrative

Background:

The Workers' Compensation Transcript revenues are dedicated to the purposes of maintaining record of hearings conducted and preparation of transcript of those hearings for appeals to the Workers' Compensation Court of Appeals. Additional revenue is generated through filing fees.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

None

Explain any reasons for rate changes:

No rate change

Impact of rate changes on affected agencies:

None