

GUIDE TO

M I N N E S O T A

*Department of
Labor and Industry*

1999

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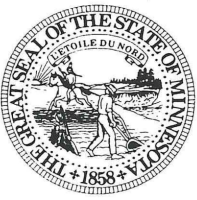
Guide to Minnesota State Agencies 1999 was coordinated by Minnesota Planning, 658 Cedar St., St. Paul, MN 55155, 651-296-3985.

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November 1998

Department of Labor and Industry

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

To the Incoming Administration:

As you begin your term, I am happy to report that in the past eight years Minnesota has successfully advanced programs and services for employers and employees that have reduced the risk of workplace injury and illness and helped injured workers get back to work quicker. In 1992 and again in 1995, comprehensive legislation was passed that was designed to reduce employers' escalating costs in compensating employees for job-related injuries. These reforms have saved Minnesota employers more than \$121 million and provided safety incentives to encourage employers to maintain safe and healthful workplaces.

Other highlights include:

- **Decreased workers' compensation costs.** The 1996 cost per \$100 of covered payroll dropped to \$1.91, the lowest level since 1984. Total system costs continue to drop. The most recent 1996 cost of the system is approximately \$1.19 billion, down from the 1995 estimate of \$1.36 billion.
- **Paperless files.** A computer imaging system now stores, retrieves and manages workers' compensation claim files electronically, increasing productivity and efficiency.
- **Minnesota First.** A cooperative OSHA Compliance program that encourages employers whose workplaces have high injury or illness rates to eliminate workplace hazards.
- **MNSHARP.** It is designed for high-hazard employers to work with the OSHA Workplace Safety Consultation unit to reduce workplace injuries and illnesses. Ten worksites have been approved under this safety and health recognition program.
- **Safety Grants.** Awards of up to \$10,000 in matching funds are granted to employers for projects designed to reduce the risk of injury and illness. From March 1995 to December 1996, the state awarded 369 safety grants to employers. The state's matching funds were \$2.47 million and employer's matching funds were \$4.16 million.
- **Apprenticeship.** The number of registered active apprenticeships increased from 3,539 in 1991 to 4,649 in 1997, with the number of active female and minority apprentices rising 40 percent during the same period.

Many challenges remain. The past eight years provides a solid base upon which to build. I wish you and your administration the best as you work to foster safer and more productive workplaces in Minnesota.

Warmest regards,

ARNE H. CARLSON
Governor

Welcome

On behalf of Governor Arne Carlson, we would like to welcome you to your new assignment. We have assembled some information about the agency, its services and the people who deliver them.

It is Governor Carlson's desire that there be an easy transition between administrations. This document was created to assist you as you assume the duties of managing the Department of Labor and Industry. We hope you find it helpful.

We extend our congratulations on your appointment and our best wishes for a productive tenure.

- **Commissioner Gretchen Maglich**
- **Deputy Commissioner Michael Houliston**
- **Assistant Commissioner Gail Blackstone**
Workers' Compensation Division
- **Assistant Commissioner Roslyn Wade**
Workplace Services Division
- **James Honerman**
Communications Director
- **Cindy Farrell**
Chief Financial Officer
- **Cynthia Valentine**
Chief Information Officer

Summary

History

The Department of Labor and Industry was established as the Labor Statistics Bureau in 1887 to protect the rights of working people through the administration and enforcement of laws, rules, and regulations to foster safe and healthful working environments; to insure adequate compensation for work performed; to assist victims of occupational injury and illness; and to license and inspect establishments that use boilers and steam equipment.

The Labor Statistics Bureau collected statistics about the general condition of labor and working people in the state and reported that information to the governor and the legislature. It was subsumed under the Labor Bureau which administered and enforced labor laws.

The department was known as the Labor, Industry and Commerce Bureau from 1907 to 1913 and then it became an official Minnesota state department and renamed the Labor and Industries Department. Also, in 1913, the first workers' compensation law in Minnesota was passed by the state legislature. In 1925, it became the Department of Labor and Industry.

The department was directed by a labor commissioner until 1921. From 1921 to 1965, the department was headed by the Industrial Commission which was made up of three commissioners. One of the commissioners, appointed by the governor with the consent of the State Senate, served as chair of the Industrial Commission. The Industrial Commission had two major functions: the general administration of the affairs of the department, and the quasi-judicial powers in hearings determining disputed claims under the workers' compensation law.

In 1967, the legislature abolished the commission and its commissioners were designated as the Workers' Compensation Commission (now the Workers' Compensation Court of Appeals). The new Department of Labor and Industry assumed the Industrial Commission's responsibilities under the leadership of one commissioner appointed by the governor. Its duties included: Accident Prevention (MNOSHA); Boiler Inspection and Steamfitting

Standards (Code Administration and Inspection Services); Workers' Compensation; Apprenticeship; Fee Employment Agencies and the Division of Women and Children (Labor Standards).

Labor Commissioners:

J. Lamb, 1887-1891
J. McGaughey, 1891
L. Powers, 1891-1899
M. McHale, 1899-1901
J. O'Donnell, 1901-1905
W. Williams, 1905-1909
W. McEwen, 1909 -1911
W. Houk, 1911-1919
J. Gardiner, 1919-1921

Industrial Commission Members:

F. Duxbury, 1921-1931
H. McColl, 1921-1933
J. Williams, 1921-1951
F. Duxbury, 1931-1933
C. Carlgren, 1933-1935
N. Debel, 1933-1945
F. Starkey, 1935-1941
P. O'Connor, 1941-1945
A. Stewart, 1945-1947
A. Ramberg, 1945-1957;
1961-1967
B. McKasy, 1947-1949
R. Faricy, 1949-1959
R. Distad, 1951-1957
W. Holzinger, 1957-1961
J. Pomush, 1957-1967
L. Intihar, 1959-1961;
1965-1967
T. Hynes, 1961-1963
E. Roberts, 1963-1965
C. Schaefer, 1967

Labor and Industry Commissioners:

E. Malone, 1968-1979
H. Peterson, 1979-1981
B. Swanson, 1981-1983
S. Keefe, 1983-1986
R. Bohn, 1986-1988
K. Peterson, 1988-1991
J. Lennes, 1991-1995
G. Bastian, 1995-1997
G. Maglich, 1997-1998

Mission Statement

The Minnesota Department of Labor and Industry (DLI) strives to promote a safe, efficient and productive work environment for Minnesota's workplaces.

The department oversees the workers' compensation system for the state, focuses on preventing workplace accidents and illness through consultation and compliance efforts, certifies and monitors the state registered apprenticeship program, monitors compliance with labor laws, tests and licenses boiler and high pressure piping workers, and equipment.

The following strategies are used to successfully achieve the department's mission:

- Customer service
- Regulation through consistent and well-defined policies
- Education for customers and department staff
- Continued analysis and review of the department's business processes
- Continued and improved use of technology to enhance effectiveness

Goals

- To minimize the impact of work-related illness and disease on employees and employers.
- To assist employers and employees in eliminating hazards in the workplace that contribute to injuries and illness.
- To assure the safe operation of boilers, hobby boilers, boats-for-hire, and pressure vessels; and that installation of ammonia and high pressure piping systems are according to the state's piping code.
- To assure employer compliance with Minnesota's wage, hour, and child labor

laws; certify accurate, timely prevailing wage rates for public construction projects; assure that fee employment and entertainment agencies operate pursuant to state law; and provide interested people with information on Minnesota's employment laws.

- To enable employers to create a trained and diverse workforce through registered apprenticeship programs.

Budget and Staffing

F.Y.1999 Expenditures (in thousands)	% of Total	FTE Staff Positions	% of Total
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Workers' Compensation Division

\$112,636	84.76%	158	39.15%
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Workplace Services Division

\$12,846	9.67%	154	38.13%
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General Support Division

\$7,400	5.57%	91	22.72%
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TOTAL

\$131,882	100.00%	403	100.00%
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Key legislators and legislative committees

In the Senate, primary department jurisdiction falls under the Jobs, Energy and Community Development Committee chaired by Senator Steve Novak (DFL-New Brighton). The committee administrator is Rebecca Klett. The ranking minority member is Senator Linda Runbeck (R-Circle Pines). The department's budget goes before the Economic Development Budget Division chaired by Senator Tracy Beckman (DFL-Bricelyn/651-296-5713). Occasionally, bills affecting the department are referred to the Governmental Operations and Veterans Committee chaired by Senator James Metzen (DFL-South St. Paul/651-296-4370) and to the State Government Finance Committee chaired by Senator Richard Cohen (DFL-St. Paul/651-296-5931).

Senators who have carried department or labor-related legislation and/or have an interest are:

- Senator Steve Novak (DFL-New Brighton/651-296-1757)
- Senator John Hottinger (DFL-Mankato/651-296-6153)
- Senator Linda Runbeck (R-Circle Pines/651-296-1253)
- Senator Randy Kelly (DFL-St. Paul/651-296-5285)
- Senator Linda Higgins (DFL-Minneapolis/651-296-9246)
- Senator Steve Murphy (DFL-Red Wing/651-296-4264)
- Senator Ellen Anderson (DFL-St. Paul/651-296-5537)
- Senator Dave Johnson (DFL-Bloomington/651-296-9261)
- Senator Jerry Janezich (DFL-Chisholm/651-296-8017)

In the House of Representatives, the primary committee is the Labor-Management Relations Committee chaired by Representative Richard Jefferson (DFL-Minneapolis/651-296-8659) who

did not seek re-election in 1998. At this time, it is unknown who will chair the committee during the 1999-2000 and 2001-2002 legislative sessions. Regardless of which party has the majority after the November elections, committee chairs and committee membership will change. Reorganization, i.e. election of the speaker and majority leader, traditionally takes place within two weeks of the election. The appointment of chairs and committee assignments are completed before the opening of session.

Other House committees that bear watching are the Governmental Operations Committee chaired by Representative Phyllis Kahn (DFL-Minneapolis/651-296-4257) and the State Government Finance Division chaired by Representative Tom Rukavina (DFL-Virginia). The lead Republicans are Representative Kevin Knight (R-Bloomington) who is retiring from the House and Representative Phil Krinkie (R-Shoreview/651-296-2907).

Representatives with an interest in labor issues and who are likely to be re-elected include:

- Representative Tom Bakk (DFL-Cook/651-296-2190)
- Representative Tom Rukavina (DFL-Virginia/651-296-4257)
- Representative Bob Gunther (R-Fairmont/651-296-3240) (no opponent)

Key issues and constituencies

Prevailing wage - During the 1997 legislative session, a provision was included in the omnibus tax bill that expanded the prevailing wage requirement to all school construction projects over \$100,000 regardless of the funding source. In the 1998 session, an unsuccessful attempt was made to repeal the new section. Later in 1998, Ramsey County District Court Judge M. Michael Monahan ruled that section unconstitutional citing the state's Constitution which requires that bills have a single title and a single subject. That

ruling is currently under appeal. It is most likely that prevailing wage issues will re-appear in the 1999 session. The debate over prevailing wage typically occurs in the labor arena. The forum has expanded to the education hierarchy - superintendents and school boards - whose objections are based on the belief that construction costs would be greatly increased if the contractors they hire are required to pay prevailing wages.

The department has remained neutral in these discussions but has been called upon to provide statistics or other background information.

Minimum wage - Legislation to increase the state's minimum wage to \$5.90/hour was introduced in the last session. It is likely to be sponsored again. If so, it will be a hot political topic.

Workers' compensation - Since 1996, the department does not sponsor or recommend any workers' compensation law changes that have not been approved by the Workers' Compensation Advisory Council. "Work comp reform" was enacted in 1995 amid great turmoil and predictions of dire consequences for injured workers. While that front has been relatively quiet since 1995, the possibility of 'tinkering' in the future remains strong.

Two failed proposals that are likely to be re-introduced - The Chicano-Latino Affairs Council put forth a bill requiring an employer provide an employee with a notice of employee rights printed in the predominate language of the employee. The Senate author was Senator Ellen Anderson (DFL-St. Paul); the House author was Representative Carlos Mariani (DFL-St. Paul). The proposal was rolled into a larger budget bill that was vetoed. The Council has indicated its intention to try again in 1999.

The extension of parental leave from six to twelve weeks, authored by Senator Ellen

Anderson (DFL- St. Paul) and Representative Joe Mullery (DFL-Minneapolis), is also likely to be introduced again in the 1999 session.

Beth Hargarten (297-7350) has been the staff person in the department on legislative issues.

Constituencies - The following is a list of other state departments and organizations which may be involved in Department of Labor and Industry issues including individual lobbyists who traditionally specialize in this field.

Business/Insurers organizations:

- Chamber of Commerce - Tom Hesse, Policy Research and Development Manager (651-292-4678); Bill Blazar, Senior Vice President (651-292-4658)
- Insurance Federation - Bob Johnson, Executive Vice President (651-292-1099)
- National Federation of Independent Businesses - Mike Hickey, State Director (651-293-1283)
- Minnesota Resort and Hotel Owners Association - Tom Day, Government Affairs Specialist (651-222-7401) Tom Newcome, lobbyist (651-227-5905)
- Minnesota Retail Merchants Association - (651-227-6631)

Special constituency organizations:

- Jobs Now Coalition - Kris Jacobs, Executive Director (651-290-0240)
- Chicano-Latino Affairs Council - (Director position open) (651-296-9587)
- Council on Black Minnesotans - Lester Collins, Executive Director (651-643-3015)
- Council on Asian Pacific Minnesotans - Eileen Her, Executive Director (651-296-0538)
- Indian Affairs Council - Joseph B. Day, Executive Director (651-643-3032)

State unions:

- MN AFL/CIO - Bernie Brommer, President (651-227-7647)
- MAPE (Minnesota Association of Professional Employees - position open) (651-227-6457)
- AFSCME (Association of Federal, State, County and Municipal Employees) - Tom Beer, Political Action Director (651-450-4990)

State departments:

- Department of Employee Relations
- Department of Trade and Economic Development
- Department of Economic Security
- Department of Employee Relations
- Department of Public Safety
- Department of Commerce
- Department of Revenue
- Office of Administrative Hearings
- Office of the Attorney General
- Office of the Secretary of State

Self insureds/providers:

- Chiropractic Association - Kendra Calhoun, Executive Director (651-644-5929)
- Larry Koll and Andrew Morrison - represent self insured employers (651-291-9155)
- Ross Kramer and Sandy Neren - workers' compensation reform of 1995 (651-228-9757)
- Minnesota Medical Association - (651-378-1875)
- Workers' Compensation Reinsurance Association - Carl (Buzz) Cummins, Vice President and General Counsel (651-229-1826)

Department of Labor and Industry Legislatively Mandated Boards and Councils

Rehabilitation Review Panel

The Rehabilitation Review Panel (RRP) was created in 1981 by Minn. Stat. § 176.102 to offer advice and recommendations to the Commissioner of Labor and Industry on all aspects of vocational rehabilitation care impacting work-related injuries or illnesses. The RRP is composed of two members each representing employers, insurers, rehabilitation and medicine (for a total of eight), one member representing chiropractors and four members representing labor. The RRP reviews and makes determinations with respect to appeals from orders of the Commissioner regarding certification approval of rehabilitation consultants and vendors; advises the department on rehabilitation issues; assists in the education of the provider community on workers' compensation; and disqualifies, suspends or penalizes a rehabilitation provider after a hearing at the Office of Administrative Hearings (OAH) if there has been a violation of the statutes or rules.

Workers' Compensation Advisory Council

The Workers' Compensation Advisory Council (WCAC) was created by Minn. Stat. § 175.007 in 1992 as a permanent council on workers' compensation. However, in 1997, a law was passed that sunsets the WCAC in 2002. It consists of twelve voting members (six representing organized labor and six representing Minnesota businesses), ten of which are appointed by the governor; the majority and minority leaders of the Senate; and by the speaker and minority leader of the House of Representatives. The other two members are the presidents of the largest statewide Minnesota business organization and the largest organized labor association. The WCAC advises the Commissioner of Labor and Industry on matters of workers' compensation and submits its recommendations of proposed changes in the workers' compensation statute to the proper

legislative committees. The WCAC's recommendations must be supported by a majority of business and labor members.

Medical Services Review Board

The Medical Services Review Board (MSRB) was created by Minn. Stat. § 176.103 in 1983 to advise the Commissioner on medical care as it is offered and practiced with regard to workplace injuries or illnesses. The MSRB is composed of two chiropractic representatives, one hospital administrator representative, one physical therapist, six physicians of different specialties, one employee representative, one employer/insurer representative, and one general public representative. The MSRB advises the department on workers' compensation medical issues; is the liaison between the department and the medical-provider community; supports and engages in the education of the provider community on workers' compensation; disqualifies, suspends or penalizes a provider if there has been a violation of any part of the workers' compensation chapter or rules.

Occupational Safety and Health Advisory Council

The Occupational Safety and Health Advisory Council was created in 1973 under the statutory authority of Minn. Stat. § 182.656 to advise the department in carrying out the purposes of M.S. § 182 and other Occupational Safety and Health Administration statutes. The Council consists of 12 members appointed by the Commissioner. Council members include three representatives from management, three representatives from labor, three representatives of occupational safety and health professions, and three representatives from the general public.

Code Enforcement Advisory Council

The Code Enforcement Advisory Council was created in 1984 under the statutory authority of Minn. Stat. § 175.008, and its duties are to advise the Commissioner on matters within the Council's expertise or under the regulation of the Commissioner. The Commissioner appoints the 11-

member Council which is composed of representatives of high pressure piping and boiler installation, repair, and service contractors throughout the State of Minnesota; steamfitters; and statewide licensed engineers.

Apprenticeship Advisory Council

The Apprenticeship Advisory Council was created in 1939 under the statutory authority of Minn. Stat. § 178.02, and its duties are to propose occupational classifications for apprenticeship programs; to propose minimum standards for apprenticeship programs and agreements; and to advise on the establishment of such policies, procedures, and rules as the Commissioner deems necessary in implementing the intent of this chapter. The Commissioner appoints the eight-member Council which is composed of three representatives from employer organizations, three representatives from employee organizations, and two representatives from the general public.

Occupational Safety and Health Review Board

The Occupational Safety and Health Review Board was created in 1973 by Minn. Stat. § 182.664 to issue decisions involving untimely contested OSHA citations and proposed penalty cases and to review appeals of Administrative Law Judge orders involving OSHA citations. The Review Board consists of one member representing management, one representing labor and one representing the public.

Department advisory committees and task forces

The Workers' Compensation Insurers' Task Force is an organized body of representatives of insurance companies that write workers' compensation insurance within the State of Minnesota and those employers who self-insure for their workers' compensation coverage. There is no statutory authority vested in this body; any recommendations that are forwarded to the commissioner are non-binding. However, the department values the input from the Workers'

Compensation Insurers' Task Force.

The Special Compensation Fund Advisory Committee was created to provide advice and consultation to the Commissioner and staff about the operations and management of the Special Compensation Fund. The committee reviews the existing procedures and operations of the fund and provides recommendations about possible modifications; suggests policy changes that reflect short-term and long range financial and administrative goals; recommends assessment rate changes; and provides direction for communications to the fund's customers. Members of the committee represent self-insurers, organized labor, the Minnesota Chamber of Commerce (employers), the Department of Commerce, the Workers' Compensation Reinsurance Association (WCRA), the Department of Labor and Industry, Greater Minnesota employers, a commissioner's designee to chair the committee, and the Workers' Compensation Insurers' Task Force (insurers).

The Logsafe Advisory Committee was formed to oversee the department's Logsafe safety training program for Minnesota loggers. The committee is made up of one member from the workers' compensation insurance industry whose company writes a significant amount of workers' compensation liability for the logging industry, two members from the wood consuming mills, two members from the Timber Producers Association, two members from the Association of Contract Loggers, two members who are independent loggers, one member from the Department of Labor and Industry Workplace Safety Consultation Unit and one member from the Minnesota Logger Education Program. One non-voting member shall be the Logsafe Program Senior Consultant.

Activity summary

The following highlight the department's recent activities:

Apprenticeship

- The Apprenticeship unit reached a milestone in June 1998 when it registered its 92,000th apprentice. In January 1999, the program will commemorate 60 years of serving Minnesota's businesses and skilled employees through apprenticeship training.
- Certified youth apprenticeship programs have grown from approximately 80 apprentices in 1996 to 106 currently in more than 50 training stations.
- The Workplace Safety Consultation, Labor Standards and Apprenticeship units are developing a safety curriculum for Youth Apprenticeship Programs. A ten-hour safety curriculum was field tested in 1998.

Labor Standards

- In 1997, the legislature expanded the provisions of Minnesota's prevailing wage law to cover any school facility construction that has an estimated cost of at least \$100,000. This provision is currently in litigation.
- The 1997 legislature also increased the minimum wage for Minnesota employees. The minimum wage for small employers (gross volume less than \$500,000) rose to \$4.90 on January 1, 1998. For large employers (gross volume \$500,000 and higher), the minimum wage was increased to \$5.15 on September 1, 1997. There is no tip credit in Minnesota. The law also provided for a "training wage" that allows employers to pay new employees under the age of 20 at \$4.25 an hour during the first 90 consecutive days of employment.

- Effective August 1, 1998, an employee will be allowed reasonable unpaid break time to express breast milk for her child. Breaks already provided may fulfill this requirement. Employers are not required to provide this time if doing so would seriously disrupt operations. The employer must also make reasonable efforts to provide a private area other than a toilet stall for this purpose.
- In May 1998, the department mailed out safety tips for young workers and general information on Minnesota's child labor laws to all state high school principals. The goal was to inform teenagers about their rights and responsibilities in the workplace as they began to look for summer employment. The principals were asked to share this information with their students and their community and/or school newspapers.

Minnesota OSHA (MNOSHA) Compliance

- Although the workplace continually evolves and changes, MNOSHA's goal for the past 25 years has always been to make sure every Minnesota worker has safe and healthful working conditions.
- In July's *OSHA Quarterly* magazine, MNOSHA's ergonomics team is recognized for developing a special emphasis program to identify and reduce hazards common to nursing homes. The ergonomics team conducted tailored training sessions for 225 representatives of the nursing home industry.
- The Occupational Safety and Health State Plan Association met in June 1998 in Minneapolis to discuss OSHA's relationship with Congress, current rulemaking efforts and OSHA's training and outreach efforts.
- The *Workplace Safety Report - Occupational Injuries and Illnesses in*

Minnesota reports that injuries for 1995 dropped to 8.4 per 100 fulltime equivalent workers. The rate had been 8.6 per 100 FTE workers during the 1992-1994 period.

Information Technology Services

- The department's Year 2000 project plan is on schedule. It includes the inventory, assessment and upgrade of hardware, software, firmware and interfaces. Hardware, software and interface fixes will be in place by December 31, 1998. Testing and contingency plans for all critical systems began in Fall 1998 and will continue through mid-1999.

Workplace Safety Consultation

- The Minnesota Safety and Health Achievement Recognition Program (MNSHARP), started in 1996, recognizes companies whose managers and employees work together to develop safety and health programs that go beyond basic compliance with all of OSHA standards, and result in immediate and long-term prevention of job-related injuries and illnesses. Ten worksites have achieved MNSHARP status.
- As part of a national training emphasis on how to reduce violence in schools and communities, the department helped sponsor two satellite broadcasts in 1998 to share information on how violence prevention is working and growing on a national level. The training effort, created by the Harvard School of Public Health, highlighted successful initiatives from across the country and discussed the actions schools and communities can take to reduce violence.
- To reverse a trend of growing injuries on construction projects, the PEER (Promote, Evaluate, Enforce and Report) initiative

began when the Mall of America was under construction. The program uses voluntary enforcement and periodic safety and health audits and involves the cooperative effort of contractors, organized labor, MNOSHA Compliance and the Workplace Safety Consultation units.

Workers' Compensation

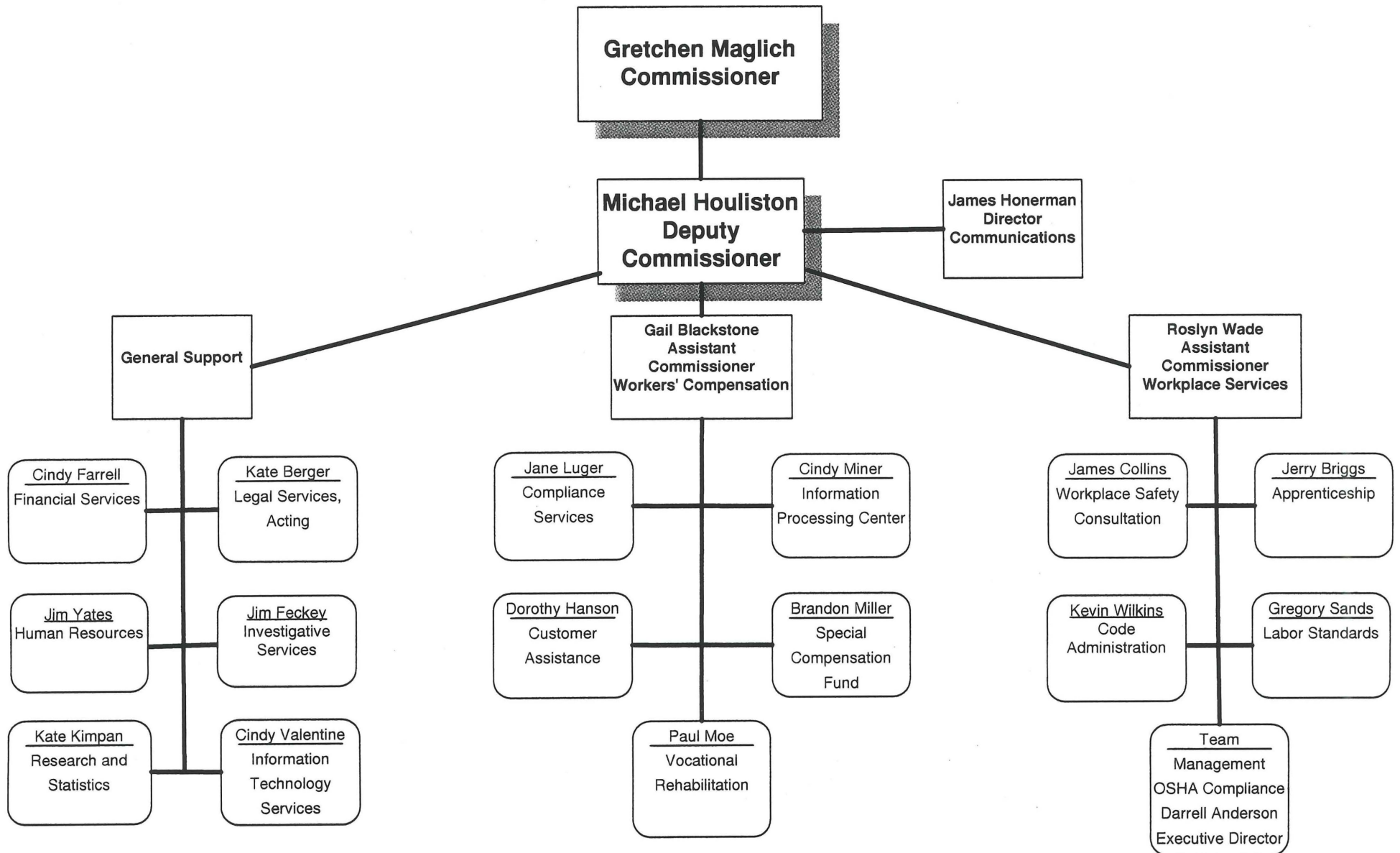
- There has been significant improvement in total system costs. The 1996 estimated system costs are \$1.2 billion, down from \$1.4 billion in 1994 and 1995; 1996 costs per \$100 of payroll dropped to \$1.91, the lowest in more than a decade. Minnesota's pure premium rates are at 77% of 1984 levels.
- In order to make the workers' compensation dispute resolution process more efficient, the department's workers' compensation settlement judges were moved to the Office of Administrative Hearings (OAH). OAH now handles all settlement conferences, approves settlement agreements, resolves attorney fee disputes, issues attorney fee orders and conducts administrative conferences and formal hearings. Decisions made at the OAH level are still appealed to the Workers' Compensation Court of Appeals and then to the Supreme Court.
- The total number of filed disputes within the workers' compensation system dropped by 40% from 24,669 in fiscal year 1992 to 14,779 in fiscal year 1997. Fewer lost time claims, statutory reforms in 1992 and 1995, a greater emphasis on safer workplaces, a strong economy and a low unemployment rate are the reasons for this dramatic drop. In addition, calls to the department's Customer Assistance (CA) unit have dropped from 78,670 in 1990 to 44,313 in 1997. As the number of calls decreases, the CA mediators have an increased opportunity to intervene before a formal dispute is filed.

- The 1993 legislature approved development of an active fraud unit to decrease incidents of fraud in the Minnesota workers' compensation system. Since then, there have been 59 convictions of people committing fraud, including employers, employees, health care providers, attorneys, insurance agents and others.
- Insurers and self-insured employers were studied for promptness in reporting claims, deciding liability and making first payments for a claim. For FY 1997, there were 37,092 lost time claims. In Minnesota, lost time claims include all injuries or illnesses which result in at least three missed work days. In 81% of the cases (29,949), companies met statutory timelines. This was the first *Prompt First Action Report on Workers' Compensation Claims*.
- The cost of uninsured employers continues to fall in Minnesota. New first reports have dropped from an average of more than 300 a year during 1988-1992, to less than 160 in 1996-1997. Since reaching a high of \$12.5 million in FY 1993, uninsured costs dropped to \$5.2 million in FY 1997. These continued drops are the result of more effective enforcement efforts, better claims administration, lower premiums and a strong economy.
- The department assesses penalties against employers, insurers, third party administrators, attorneys and providers. The penalties include: filing of late first reports of injury, late first payment of benefits, lack of workers' compensation insurance, late filing of assessments to the department, late payment of benefits and frivolous denials of claims. In fiscal year 1997, the department assessed 3,631 claims for \$42,680,514. It collected on 3,044 penalties for \$997,318. This is up from \$675,736 in the previous fiscal year.
- In June 1998, the state Supreme Court upheld the state's medical guidelines related to passive care for treating injured workers. The Court found that the permanent treatment parameters do not deny or limit appropriate medical care to injured workers and can be used to regulate abuses and reduce litigation in the system.
- The department released its first-ever *Workers' Compensation System Report* in March 1998. The publication contains numerous system measures including total workers' compensation costs and claims, an analysis of benefit distribution, disputes and dispute resolution, and rehabilitation use. It includes 1995 data, the most recent year available, and will be used by stakeholders and others to measure how future changes might affect the state's workers' compensation climate.
- The department published its *1996 Workplace Safety Report* in July 1998. The annual state report gives information on job-related injuries and illnesses--their incidence, nature and severity; how they occur and in what industries and how their incidence changes over time.
- Since March 1995, Minnesota has been imaging all documentation on new workers' compensation claims. In 1997, the department discontinued the creation of new paper files. Now, 200,000 files are on the imaging system. The department also has reduced the number of incorrect submissions by 75% because it refuses to accept incomplete documents from attorneys and insurers.

Upcoming events/important dates

- Plan and conduct a year-long Apprenticeship Sixty-Year Anniversary celebration for 1999. This will include a one-day conference, special promotional brochures and handouts, request for a designation by the governor for a one-week (or month) declaration of "State Registered Apprenticeship Week (Month)."

Minnesota Department of Labor and Industry



Budget and personnel

The following is a brief description of the budget and staffing for each division within the Department of Labor and Industry for fiscal year 1999 (July 1, 1998 through June 30, 1999).

Workers' Compensation Division

- **Administration**

Personnel Services	\$ 149,129
Non-personnel Services	\$ 244,331
FTE	2.00
Total Budget	\$ 393,460

- **Information Processing Center**

Personnel Services	\$ 1,634,450
Non-personnel Services	\$ 547,293
FTE	42.90
Total Budget	\$ 2,181,743

- **Vocational Rehabilitation**

Personnel Services	\$ 1,691,300
Non-personnel Services	\$ 380,705
FTE	35.75
Grants	\$ 353,400
Total Budget	\$ 2,425,405

- **Compliance Services**

Personnel Services	\$ 824,178
Non-personnel Services	\$ 118,847
FTE	15.70
Total Budget	\$ 943,025

- **Special Fund**

Personnel Services	\$ 1,058,921
Non-personnel Services	\$ 543,400
FTE	23.75
Grants	\$102,655,000
Total Budget	\$104,257,321

- **Customer Assistance**

Personnel Service	\$ 2,072,907
Non-personnel Service	\$ 362,207
FTE	37.50

Total Budget	\$ 2,435,114
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- **Division Totals**

Personnel Services	\$ 7,430,885
Non-personnel Services	\$ 2,196,783
FTE	157.60
Grants	\$103,008,400
Total Division Budget	\$112,636,068

Workplace Services Division

- **Administration**

Personnel Services	\$ 130,906
Non-personnel Services	\$ 75,094
FTE	2.00
Total Budget	\$ 206,000

- **Labor Standards**

Personnel Services	\$ 472,076
Non-personnel Services	\$ 116,189
FTE	\$ 10.00
Total Budget	\$ 588,265

- **Apprenticeship**

Personnel Services	\$ 484,497
Non-personnel Services	\$ 89,768
FTE	9.00
Grants	\$ 204,000
Total Budget	\$ 788,265

- **Code Services**

Personnel Services	\$1,346,070
Non-personnel Services	\$ 316,575
FTE	25.00
Total Budget	\$1,662,645

- **OSHA Compliance**

Personnel Services	\$4,588,050
Non-personnel Services	\$1,914,529
FTE	89.50
Total Budget	\$6,502,579

- **Workplace Safety Consultation**

Personnel Services	\$1,020,485
Non-personnel Services	\$ 433,880
FTE	18.00
Grants	\$1,654,200
Total Budget	\$3,108,565

- **Division Totals**

Personnel Services	\$ 8,042,084
Non-personnel Services	\$ 2,946,035
FTE	153.50
Grants	\$ 1,858,200
Total Division Budget	\$12,846,319

General Support Division

- **Agency Administration**

Personnel Services	\$ 626,000
Non-personnel Services	\$ 818,885
FTE	11.00
Total Budget	\$1,444,885

- **Financial Services**

Personnel Services	\$ 583,800
Non-personnel Services	\$ 120,200
FTE	12.63
Total Budget	\$ 704,000

- **Human Resources**

Personnel Services	\$ 312,500
Non-personnel Services	\$ 50,500
FTE	6.25
Total Budget	\$ 363,000

- **Research and Statistics**

Personnel Services	\$ 517,895
Non-personnel Services	\$ 238,380
FTE	11.00
Total Budget	\$ 756,275

- **Information Technology Services**

Personnel Services	\$1,444,590
Non-personnel Services	\$1,129,410
FTE	27.00
Total Budget	\$2,574,000

- **Investigative Services**

Personnel Services	\$ 565,538
Non-personnel Services	\$ 95,462
FTE	11.60
Total Budget	\$ 661,000

- **Legal Services**

Personnel Services	\$ 778,400
Non-personnel Services	\$ 118,600
FTE	12.00
Total Budget	\$ 897,000

- **Division Totals**

Personnel Services	\$ 4,828,723
Non-personnel Services	\$ 2,571,437
FTE	91.48
Total Division Budget	\$ 7,400,160

- **Department Totals**

Personnel Services	\$ 20,301,692
Non-personnel Services	\$ 7,714,255
FTE	402.58
Grants	\$104,866,600
Total DLI Budget	<u>\$132,882,547</u>

Agency Divisions

Commissioner's Office

The Commissioner's Office includes the Commissioner, Deputy Commissioner, Assistant Commissioners for the Workers' Compensation Division and Workplace Services Division, the Communications Director and executive support staff.

- Commissioner (*Gretchen Maglich*)- Responsible for the overall administration, management and direction of the Department of Labor and Industry; reports to the Governor; supervises the Deputy Commissioner, two Assistant Commissioners, the Communications Director and executive support staff; represents the agency at the Legislature, the federal government, other state agencies, and the general public.
E-mail address:
DLI.Commissioner@state.mn.us
(Routed to James Honerman)
- Deputy Commissioner (*Michael Houliston*) - Oversees the executive, administrative, fiscal and human resource coordination and management at the agency level; reports to the Commissioner; supervises the Assistant Commissioners, the Communications Director, General Support Division Managers and executive support staff; acts on behalf of the Commissioner as requested or required.
- Assistant Commissioner, Workers' Compensation Division (*Gail Blackstone*) - Directs the activities of all sections of the division; responsible for planning, human resource management, employee development, budget formulation and monitoring, program development and

implementation; provides advice and consultation to the Commissioner and members of the executive and legislative branches of state government regarding the workers' compensation statute; supervises the division's unit managers and support staff; and statutorially is the executive director of the Workers' Compensation Advisory Council.

- Assistant Commissioner, Workplace Services (*Roslyn Wade*) - Directs the work of five units within the division to assure that conditions of employment, safety standards, apprenticeship programs and wages comply with state and federal laws; responsible for planning, employee and program development and implementation; human resource development; budget formulation and monitoring; provides advice and consultation to the Commissioner and members of the executive and legislative branches of state government regarding prevailing wage; supervises the division's unit managers and support staff.

The Cabinet is made up of the following members:

- Gretchen Maglich, Commissioner
- Michael Houliston, Deputy Commissioner
- Roslyn Wade, Assistant Commissioner
- Gail Blackstone, Assistant Commissioner
- James Honerman, Communications Director
- Cynthia Valentine, CIO
- Cindy Farrell, CFO

Workers' Compensation Division

The Workers' Compensation Division regulates and oversees the administration of the state's workers' compensation system. Prompt and efficient service is provided through its five units.

- **Compliance Services** (*Jane Luger, Director*) - Ensures that prompt and

full compliance with all benefit provisions of workers' compensation law is achieved in the workplace, including: issuing penalties for late payments; providing educational outreach; and auditing workers' compensation claims.

E-mail address:

DLI.Compliance@state.mn.us

(Routed to Sue Healy)

- **Customer Assistance** (*Dorothy Hanson, Director*) - Seeks early intervention and resolution of disputes for injured workers using alternative resolution methods. Issues orders in rehabilitation and medical disputes; informs and advises all parties involved in the workers' compensation system of their rights and responsibilities under the Workers' Compensation Act; provides technical assistance to all parties involved in the workers' compensation system. The Duluth Office serves these functions in the northeastern section of the state.
- **Information Processing Center** (*Cindy Miner, Director*) - Provides critical administrative services to the department and its customers. The Copy Center serves the department and workplace and, upon request, mails posters. Copy File Review copies files for internal and external customers upon request. Image Processing is responsible for document preparation, scanning, form identification, research, coding (EDI), and senior research (fatal/serious notification and data base changes) for all workers' compensation correspondence. The Mailroom manages all incoming and outgoing mail; and the Records Unit manages all workers' compensation claims paper and microfilm files.
- **Special Compensation Fund** (*Brandon Miller, Director*) - Administers the

workers' compensation claims of injured employees who worked for employers who were uninsured (did not carry workers' compensation insurance) or who were bankrupt. It also administers the asbestosis program; the supplementary benefit and second injury reimbursements; the targeted industry fund (loggers safety program).

E-mail address:

DLI.Specialcomp@state.mn.us

(Routed to Brandon Miller)

- **Vocational Rehabilitation** (*Paul D. Moe, Director*) - Provides vocational services to help injured workers return to work. Staff consists of qualified rehabilitation counselors (QRCs) and clerical assistants. Injured workers eligible for services include: those whose workers' compensation claims were denied; those whose rehabilitation services were suspended; those who qualify for services paid by insurance carriers or self-insured employers; and those who are awaiting a decision on eligibility for workers' compensation benefits.
Rehabilitation and Medical Affairs - Develops and implements workers' compensation medical policy, including certified managed care, fee schedules, treatment parameters, and certifies qualified rehabilitation counselors (QRCs).
E-mail address:
DLI.Vocrehab@state.mn.us
(Routed to Paul Moe)

Workplace Services Division

Under the Workplace Services Division, five units assure that conditions of employment, safety standards, apprenticeship programs and wages comply with legal requirements:

- **Workplace Safety Consultation** (*James Collins, Director*) - Provides safety and health consultation services to Minnesota private sector employees directed primarily toward small high-hazard industries and intended to help them understand and comply with OSHA standards. Provides free workplace inspections at owner's request; administers the Safety Grants, Labor-Management Safety Committee, Violence Prevention and Logsafe Programs; and conducts seminars and educational programs throughout the state.

- **Code Administration and Inspection Services** (*Kevin Wilkins, Acting Director*) Administers boiler operator and pipefitter tests; issues boiler and pipefitter licenses; inspects boilers and high pressure piping systems; inspects and licenses boats for hire.

E-mail address:

DLI.Code@state.mn.us

(Routed to Mary Peper)

- **Apprenticeship** (*Jerry Briggs, Director*) - Regulates, supervises and promotes apprenticeship programs that have been approved and that comply with state standard requirements. Assists employers in developing apprenticeship programs; works with schools, guidance and veterans' counselors and other groups to educate them about apprenticeship programs.

E-mail address:

DLI.Apprenticeship@state.mn.us

(Routed to Jerry Briggs)

- **Labor Standards** (*Gregory Sands, Acting Director*) - Protects workers through enforcement of state laws governing fair labor standards, child labor, prevailing wages and fee employment agencies. Responsible for compliance of

labor/employment laws, minimum wage and overtime, child labor laws, prevailing wage, parental leave laws, and employee rights regarding hiring, firing, and wages due.

E-mail address:

DLI.Laborstandards@state.mn.us

(Routed to Gregory Sands)

- **OSHA Compliance** (*Darrell Anderson, Administrative Director*) - Enforces the Minnesota Occupational Safety and Health Act (MNOSHA) and federal standards which assure safe and healthful working conditions for all Minnesota workers through on-site inspections, issuing citations for noncompliance, enforcing employee right-to-know laws and safety training. Interprets standards and assists employers in understanding how to comply; drafts, revises and/or adopts new or existing federal OSHA regulations; responds to employee complaints on workplace hazards and discrimination due to safety/health complaints. MNOSHA is lead by a self-directed team consisting of an administrative director, five area directors, and the federal area office director in Minneapolis. The federal area director, although a full member of the team, represents the federal position. The consensus decision-making process practiced by the team has contributed positively to strong policy decisions and smooth operations.

E-mail address:

OSHA.Compliance@state.mn.us

(Routed to Sue Healy)

General Support Division

The General Support Division reports to the Deputy Commissioner. It provides the infrastructure for the overall operations of the Department of Labor and Industry. Within the

division are the following five departments:

(Routed to Michelle Schaefer)

- **Financial Services Unit** (*Cindy Farrell, CFO*) - Provides budgeting, accounting, payroll, purchasing, and financial reporting services for the department.
- **Human Resources Management Unit** (*James Yates, Director*) - Works with management in administration of the Department's personnel functions including labor relations, employee development, recruitment and hiring, job classification, benefits and salary administration, and affirmative action.
- **Research and Statistics** (*Kate Kimpan, Director*) - Develops and disseminates information and statistical data regarding various Department activities, with a focus on workplace safety and the workers' compensation system. The Bureau of Labor Statistics survey section conducts nationally standardized surveys of employers to generate work-related injury and illness incidence rates. It is funded as part of an OSHA grant but must be separate from OSHA operating divisions.
E-mail address:
DLI.Research@state.mn.us
(Routed to Shirley Reese)
- **Investigative Services Unit** (*Jim Feckey, Director*) - Investigates workers' compensation fraud by employers, employees, insurers, and health care providers. Investigates first report of injury claims made by employees while working for an uninsured employer. Investigates employers who are allegedly operating businesses in the State of Minnesota without the appropriate workers' compensation insurance coverage.
E-mail address:
DLI.ISU@state.mn.us
- **Information Technology Services** (*Cynthia Valentine, Chief Information Officer*) - Manages and leads all computer systems development and word processing services, all hardware and software support for the agency's computer system and all telecommunications services. This includes the Year 2000 upgrade.
- **Legal Services** (*Kate Berger, Acting Director*) Provide legal assistance to department staff and to employers, employees, insurers, attorneys and others concerning legal issues under the authority of the department. Department attorneys defend contested workers' compensation penalties issued by the department, provide legal review of certain administrative orders, promulgates administrative rules and provide legal opinions on OSHA Compliance, Code Services, Labor Standards and Workers' Compensation matters. Provide overall internal policy and administrative support for the department as well as assistance to the commissioner in proposing, evaluating and drafting legislation affecting the department.
- **Communications** (*James Honerman, Director*) - Responsible for the department's communications programs; ensures that the information about the department's programs are effective, credible, accurate and support the goals and initiatives of DLI; including all internal and external publications, media relations and internet pages.
E-mail address:
DLI.Communications@state.mn.us
(Routed to James Honerman)

Inter-agency cooperation

The Department of Labor and Industry enjoys excellent cooperative and collaborative relationships with other state agencies, governmental units and the private sector, and continues to explore opportunities to further develop such partnerships where appropriate.

For example, the Special Compensation Fund (SCF) has expanded its relationships and communications with the following:

- **Office of the Attorney General (OAG) -** The Labor Division of the Attorney General's office provides defense representation for the special claims unit. The OAG also provides collection and recovery work from uninsured employers.
- **Commerce -** The Department of Commerce provides oversight and regulation of insurance companies and self-insured employers and also registers and monitors insurance agents and third-party administrators.
- **Revenue - Minnesota Collection Enterprise**
Since 1995, the SCF has worked with MCE to collect past-due and unpaid reimbursements from uninsured employers thereby focusing on the department's responsibility to collect money from uninsured employers and reduce the burden to the rest of the industry. In addition, Labor Standards and Code Administration and Inspection Services work with the MCE to collect past due accounts.

The Investigative Services Unit (ISU) relies on the Minnesota criminal justice system in general and interacts with law enforcement agencies at all levels of government in connection with fraud prosecutions. ISU works with local police departments, the FBI, the Postal Inspection

Service, and the Social Security Administration's Office of Inspector General. Information is shared as permitted or required by law, and investigative assistance is exchanged. In addition, ISU provides testimony in criminal trials and supplies information to probation offices for presentence investigation purposes.

The ISU has cooperative arrangements with these state agencies:

- **Office of the Attorney General (OAG) -** The OAG provides legal support, primarily with mandatory insurance coverage issues and related "contested case" administrative hearings. ISU provides information and support to the OAG in these actions.
- **Office of Administrative Hearings (OAH) -** The ISU relies on the OAH for determinations in contested penalty action cases and provides testimony and other information at OAH hearings.
- **Department of Economic Security (DES) -** Provides ISU with online information access, primarily related to employer reports filed with DES which list employees and their earnings. This access is based on an information sharing agreement.
- **Department of Revenue (DOR) -** DOR provides ISU with Minnesota tax return information through an information sharing agreement. This access is not online.
- **Office of the Secretary of State -** The ISU has online access to the corporate-entity and assumed-name files.
- **Department of Public Safety (DPS) -** The DPS provides online information to ISU in two ways: (1) Minnesota drivers

license and motor vehicle registration information; and (2) statewide, national and limited international criminal justice system information. ISU occasionally relies on DPS for certain forensic services, e.g., handwriting analysis and questioned-document examination. This access is based on information sharing agreements.

- **Department of Employee Relations (DOER)** - Certain ISU investigators are members of an “investigative pool” established by DOER to perform inquiries concerning allegations of employee misconduct by state workers. On occasion, ISU is requested to provide investigative services to other agencies as part of this “pool” arrangement.

The Apprenticeship Division works closely with the following:

- **Department of Economic Security (DES)** - The DES is responsible for the coordination of the activities of the Governor’s Workforce Development Council. For the past several years, DLI has been the resource agency for DES and continues to provide information and material to the Governor’s Council as well as its Youth Apprenticeship subcommittee members. In addition, DES’s Veterans Assistance Program works with each Workforce Development Center and DLI apprenticeship staff to register veterans’ programs to allow eligible veterans to receive their G.I. Bill benefits.
- **Department of Children, Families and Learning (CFL)** - Youth Apprenticeship is a structured and organized method of training 16- and 17-year-old high school students developed and administered by DLI since 1939. In 1996, the CFL and DLI jointly developed and approved youth apprenticeship standards and in most

cases, dual approval of those standards is required before the program may begin training youth apprentices.

- **Minnesota State Colleges and Universities (MNSCU)** - DLI, along with eight other state agencies, attended a weeklong Duke University planning seminar to develop statewide guidelines to ensure cooperative efforts in all job training activities. DLI has both the apprenticeship model and child labor and labor laws which are major components of the effort. The nine agencies, referred to as the “Duke 9,” meet quarterly to ensure that the lines of communication remain open and that planning efforts continue at the state level.

The private sector organizations that have symbiotic relationships with DLI include:

- **Minnesota Workers’ Compensation Insurers Association (MWCIA)** - The MWCIA serves as the designated Data Services Organization for collecting and tracking insurance coverage and cancellation status of all employers in Minnesota. DLI has online access to that information. Both research staffs have worked together to assist the Special Compensation Fund in assessment base and rate projections, as well as program-runoff models.
- **Workers’ Compensation Reinsurance Association (WCRA)** - WCRA has provided in-depth annual claims reviews and process recommendations.
- **National Insurance Crime Bureau (NICB)** - ISU has online access to certain insurance claims information maintained by the NICB. ISU also receives information directly from NICB agents.

