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Office of Administrative Hearings

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<https://www.mn.gov/oah/>

AT A GLANCE

The Office of Administrative Hearings (OAH):

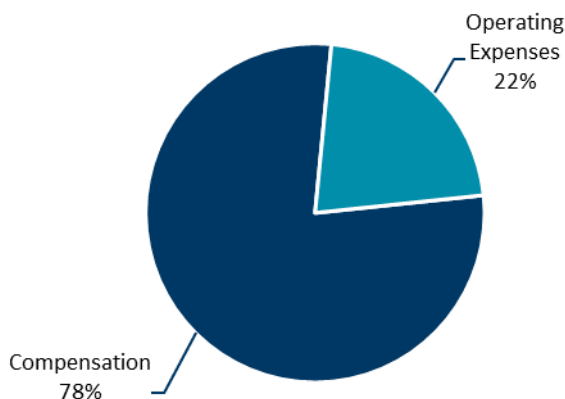
- Annually receives 10,000 workers' compensation disputes involving 7,500 workers as well as their employers, insurers, and medical providers.
- Serves over 250 state agencies and local units of government involving over 200 unique areas of administrative law since the court's creation in 1975.
- Is the largest of three Executive Branch courts with 70 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 in addition to high-quality dispute resolution services. Workers' Compensation Judges preside over settlement and trial-level proceedings regarding disputed claims for workers' compensation benefits. Administrative Law Judges preside over cases involving challenges to state as well as local government action, proposed agency rulemaking, and citizen-initiated complaints regarding data practices along with ensuring fair campaign practices.

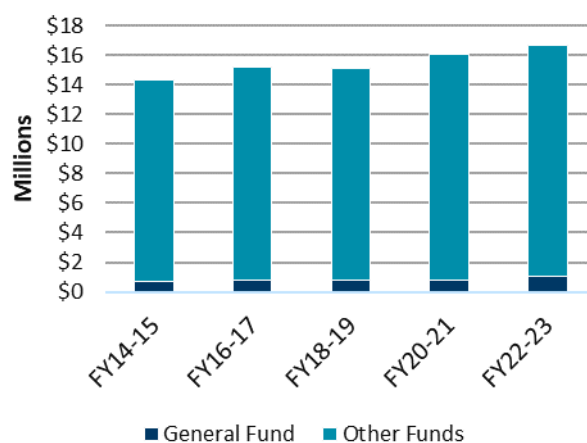
BUDGE

**Spending by Category
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The agency's funding comes from three sources

1. Workers' Compensation Fund (68% of total funding)
2. Administrative Law Enterprise Fund (29% of total funding)
3. General Fund (3% of total funding)

General fund appropriations of \$409,000 per fiscal year represent no more than 3% 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 team. They provide services to Minnesotans, state as well as 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.

OAH's work leads to more equitable outcomes for the people of Minnesota by providing a neutral, independent forum for Minnesotans to resolve their disputes.

RESULTS

Measure name	Measure type	Data source	Historical trend	Most recent data
Workers' Compensation: New case filings	Quantity	Case management system database query	New cases increased slightly from FY22 to FY23.	<ul style="list-style-type: none"> • 9,391 new cases filed in FY23 • 8,933 new cases filed in FY22
Administrative Procedures Act: Total new cases	Quantity	Judicial Status Report	New cases are increasing and expected to continue to increase.	<ul style="list-style-type: none"> • 779 cases in FY23 • 704 cases in FY22
Court wide: Number of GovDelivery email subscription subscribers, validating quality and helpfulness of information communicated	Quality	Reported by GovDelivery email subscription system	Subscribers are steadily increasing. Subscribers increased 29% from FY22 to FY23.	<ul style="list-style-type: none"> • 8,332 subscribers in FY23 • 6,446 subscribers in FY22

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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	380	626	811	2,643	695	695	705	715
2800 - Environmental	41	31	34	66	50	50	50	50
2830 - Workers Compensation	7,807	7,796	8,720	10,864	9,816	9,816	10,405	10,994
5201 - Administrative Hearings	2,712	3,193	3,264	3,646	4,222	3,896	4,222	3,896
5202 - Workers Comp Transcript	1	1	1	4	4	4	4	4
Total	10,942	11,647	12,829	17,223	14,787	14,461	15,386	15,659
Biennial Change				7,463		(804)		993
Biennial % Change				33		(3)		3
Governor's Change from Base								1,797
Governor's % Change from Base								6

Expenditures by Program

Administrative Hearings	10,942	11,647	12,829	17,223	14,787	14,461	15,386	15,659
Total	10,942	11,647	12,829	17,223	14,787	14,461	15,386	15,659

Expenditures by Category

Compensation	8,946	9,109	10,449	11,792	10,976	10,569	11,575	11,767
Operating Expenses	1,995	2,538	2,380	5,431	3,811	3,892	3,811	3,892
Other Financial Transaction	0							
Total	10,942	11,647	12,829	17,223	14,787	14,461	15,386	15,659

Total Agency Expenditures	10,942	11,647	12,829	17,223	14,787	14,461	15,386	15,659
Internal Billing Expenditures		11						
Expenditures Less Internal Billing	10,942	11,636	12,829	17,223	14,787	14,461	15,386	15,659

<u>Full-Time Equivalents</u>	63.28	65.32	66.05	68.36	73.04	73.04	73.04	73.04
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		27		1,949				
Direct Appropriation	405	605	2,760	694	695	695	705	715
Transfers In		125						
Cancellations		131						
Balance Forward Out	25		1,949					
Expenditures	380	626	811	2,643	695	695	705	715
Biennial Change in Expenditures				2,447		(2,064)		(2,034)
Biennial % Change in Expenditures				243		(60)		(59)
Governor's Change from Base								30
Governor's % Change from Base								2
Full-Time Equivalents	1.72	1.57	1.92	1.93	2.44	2.44	2.44	2.44

2800 - Environmental

Balance Forward In		11		16				
Transfers In	50	50	50	50	50	50	50	50
Cancellations		29						
Balance Forward Out	9		16					
Expenditures	41	31	34	66	50	50	50	50
Biennial Change in Expenditures				28		0		0
Biennial % Change in Expenditures				38		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.27	0.18	0.18	0.19	0.19	0.19	0.19	0.19

2830 - Workers Compensation

Balance Forward In		31		1,048				
Direct Appropriation	7,831	7,831	9,768	9,816	9,816	9,816	10,405	10,994
Cancellations		66						
Balance Forward Out	24		1,048					
Expenditures	7,807	7,796	8,720	10,864	9,816	9,816	10,405	10,994
Biennial Change in Expenditures				3,981		48		1,815
Biennial % Change in Expenditures				26		0		9
Governor's Change from Base								1,767

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Governor's % Change from Base								9
Full-Time Equivalents	46.70	45.56	46.78	49.07	51.52	51.52	51.52	51.52

5201 - Administrative Hearings

Balance Forward In	256	328	444	364	518	96	518	96
Receipts	2,748	3,280	3,184	3,800	3,800	3,800	3,800	3,800
Balance Forward Out	292	415	364	518	96		96	
Expenditures	2,712	3,193	3,264	3,646	4,222	3,896	4,222	3,896
Biennial Change in Expenditures				1,005		1,208		1,208
Biennial % Change in Expenditures				17		17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.59	18.01	17.17	17.17	18.89	18.89	18.89	18.89

5202 - Workers Comp Transcript

Balance Forward In	44	44	44	46	45	44	45	44
Receipts	2	1	2	3	3	3	3	3
Balance Forward Out	44	44	46	45	44	43	44	43
Expenditures	1	1	1	4	4	4	4	4
Biennial Change in Expenditures				2		3		3
Biennial % Change in Expenditures				103		76		76
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	694	694	694	1,388
Base Adjustments				
Minnesota Paid Leave Allocation		1	1	2
Forecast Base	694	695	695	1,390
Change Items				
Operating Adjustment		10	20	30
Total Governor's Recommendations	694	705	715	1,420
Fund: 2830 - Workers Compensation				
FY2025 Appropriations	9,816	9,816	9,816	19,632
Forecast Base	9,816	9,816	9,816	19,632
Change Items				
Operating Adjustment		589	1,178	1,767
Total Governor's Recommendations	9,816	10,405	10,994	21,399
Dedicated				
Fund: 5201 - Administrative Hearings				
Planned Spending	3,646	4,222	3,896	8,118
Forecast Base	3,646	4,222	3,896	8,118
Total Governor's Recommendations	3,646	4,222	3,896	8,118
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	3,800	3,800	3,800	7,600
Total Governor's Recommendations	3,800	3,800	3,800	7,600
Fund: 5202 - Workers Comp Transcript				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	35	35	35	70
Total Governor's Recommendations	35	35	35	70
Fund: 2830 - Workers Compensation				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4

Office of Administrative Hearings

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	10	20	20	20
Revenues	0	0	0	0
Other Funds				
Expenditures	589	1,178	1,178	1,178
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	599	1,198	1,198	1,198
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$10,000 in FY 2026 and \$20,000 in each subsequent year from the general fund, as well as \$589,000 in FY 2026 and \$1,178,000 in each subsequent year from the workers compensation fund to help address operating cost increases at the Office of Administrative Hearings (OAH).

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery.

This recommendation provides additional resources to help address these cost pressures and pay for agency operations.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For OAH, this funding will help cover expected growth in employee compensation and insurance, IT services, and other operating costs.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	10	20	30	20	20	40
Workers Comp Fund	589	1,178	1,767	1,178	1,178	2,356
Total All Funds	599	1,198	1,797	1,198	1,198	2,396

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	Operating Costs	10	20	30	20	20	40
WCF	Operating Costs	589	1,178	1,767	1,178	1,178	2,356

Results:

This recommendation is intended to help OAH address rising cost pressures and mitigate impacts to 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 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027
Operating Revenues:				
Net Sales	3,233	3,657	3,657	3,657
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	3,233	3,657	3,657	3,657
Gross Margin				
Operating Expenses:				
Purchased Services	227	310	350	377
Salaries and Fringe Benefits	2,947	3,289	3,801	4,123
Claims				
Depreciation				
Amortization				
Supplies and Materials	64	15	16	17
Indirect Costs	25	33	39	43
Other Expenses	33	9	17	19
Total Operating Expenses	3,296	3,656	4,223	4,579
Operating Income (Loss)	(3,296)	(3,656)	(4,223)	(4,579)
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	(3,296)	(3,656)	(4,223)	(4,579)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(3,296)	(3,656)	(4,223)	(4,579)
Net Assets, Beginning as Reported	558	(2,738)	(6,394)	(10,617)
Net Assets, Ending	(2,738)	(6,394)	(10,617)	(15,196)
Rate increase/(decrease)				
Full Time Equivalents (FTE)				

Office of Administrative Hearings

Administrative Hearings Fund 5201

Net Assets

(Dollars in Thousands)

	Actual FY 2024	Projected FY 2025
ASSETS		
Current Assets:		
Cash and Cash Equivalents	(9)	264
Investments		
Accounts Receivable	17	15
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	8	279
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	8	279
LIABILITIES		
Current Liabilities:		
Accounts Payable	0	
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	27	27
Total Current Liabilities	27	27
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable		
Other Liabilities		
Total Noncurrent Liabilities	0	0
Total Liabilities	27	27
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted		
Total Net Assets	0	0

Office of Administrative Hearings

Administrative Hearings Fund 5201

Brief Narrative

Background:

The Office of Administrative Hearings plans to make technology improvements in the future to better support remote proceedings.

Detail of any loans from the general fund, including dollar amounts:**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):**Explain any reasons for rate changes:**

No rate change

Impact of rate changes on affected agencies:

Office of Administrative Hearings
Workers' Compensation Transcript
Workers' Compensation Transcript - Fund 5202
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027
Operating Revenues:				
Net Sales	3	2	2	2
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	3	2	2	2
Gross Margin				
Operating Expenses:				
Purchased Services				
Salaries and Fringe Benefits				
Claims				
Depreciation				
Amortization				
Supplies and Materials				
Indirect Costs				
Other Expenses				
Total Operating Expenses	0	0	0	0
Operating Income (Loss)	0	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	2	2	2
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	2	2	2	2
Net Assets, Beginning as Reported	48	50	52	54
Net Assets, Ending	50	52	54	56
Rate increase/(decrease)				
Full Time Equivalents (FTE)				

Office of Administrative Hearings
Workers' Compensation Transcript
Workers' Compensation Transcript - Fund 5202
Net Assets
(Dollars in Thousands)

	Actual FY 2024	Projected FY 2025
ASSETS		
Current Assets:		
Cash and Cash Equivalents	48	50
Investments		
Accounts Receivable		
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	48	50
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	48	50
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		
Total Net Assets	0	0

Office of Administrative Hearings
Workers' Compensation Transcript
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:

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

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

Explain any reasons for rate changes:

No rate change

Impact of rate changes on affected agencies: