

**Agency: Department of Labor and Industry**

**Part 1: Agency Summary**

Mission Statement:

The mission of the Department of Labor and Industry is to create a productive and safe workplace environment for the citizens of Minnesota.

The department fulfills its mission by focusing on prevention of workplace accidents and illnesses through effective consultation and compliance efforts. It is the primary enforcement and training agency for the protection of working people in Minnesota. The department's mission heavily emphasizes technical support for employers and employees, and research and education programs for all activities the department regulates.

The department is organized into three programs--Workers' Compensation Regulation and Enforcement, Workplace Services, and General Support to achieve the following agency goals:

- Prevent workplace injuries and illnesses;
- Implement Minnesota Workers' Compensation Law and ensure the prompt and efficient delivery of statutory benefits and services;
- Establish apprenticeship programs which train highly skilled workers for high wage jobs, establish and promote youth apprenticeship to capably train high school students for a workplace demanding highly qualified workers, expand non-traditional apprenticeable occupations and increase enrollment of women and minorities; and
- Promote and maintain fair wages and working conditions as provided by law.

The department's services are responsive to customers (the public), stakeholders (the regulated community), employers' groups, employees' groups, professional organizations, and overseers including the Governor, Legislature, U. S. Department of Labor, and Congress.

## Part 2: Program Information

**Agency:** Department of Labor and Industry

**Program:** Workplace Services -- Code Administration and Inspection Services

**Program Purpose:** The mission of Code Administration and Inspection Services is to assure public and workplace safety through equitable administration of the laws and adopted codes that govern boilers; pressure vessels; boats-for-hire; high pressure piping installations; issuance of licenses to qualified personnel and certificates of compliance to equipment and installation owners, and to facilitate compliance by providing information and assistance to agency clientele.

Code Administration and Inspection Services is organized into two programs: the boiler unit and the high pressure piping unit. The boiler unit is responsible for the inspection of boilers and pressure vessels, boats-for-hire, and steam farm traction engines. The high pressure piping unit is responsible for inspection of high pressure steam, hot water, any medium used for heating, and ammonia systems.

**Unit:** Boiler

### Performance Objectives and Measures:

1. To inspect all boilers and pressure vessels not inspected by insurance inspectors. Annually for boilers and biannually for pressure vessels.

**Measure:** Number of boilers, pressure vessels inspected

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual	Data is		8,800	8,800	<u>1994</u> 8,000
	overlayed on				(1994 will be
	computer every				10% lower due
	year and, totals				to reduction of
	have not been				inspections.)
	kept from				
	previous years.				
	Totals will be				
	kept in the				
	future.				

Data from biennial budget, 1994-1995

2. To perform the duties of a third party inspection agency for fabrication and repair organizations.

**Measure:** Number of hours performing shop inspections

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual	Data has not been kept in a summary form.		801	900	<u>1994</u> 909  (economy is flat, if a 1% growth is expected, one number may possibly go up.)
	Data for calendar year				

3. To inspect boats for hire on inland waters for safety equipment and for condition of craft.

Measure: Number of boats inspected

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual	Data has not been kept in a summary form.		159	120	<u>1994</u> 120
	Data for calendar year				

4. To examine and license boiler operators.

Measure: Number of exams administered

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual	3,661	4,155	4,078	2,992	<u>1994</u> 4,000
	These are calendar year figures. (Thru 9/30/93)				

5. To perform tri-annual audits of fabrication and repair organizations and other National Board functions.

Measure: Number of ASME or National Board audits performed

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual	11	21	18	21	<u>1994</u> 21
	Data for calendar year				

## Unit: High Pressure Piping

### Performance Objectives and Measures:

1. To increase the number of permits issued and the number of permit inspections.

**Measure:           Number of permits issued  
                          Number of permit inspections**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Permits	300	344	301	346	<u>1994</u> 360
Permit Data collection		654	743	891	950
Inspections on permit inspections began in 1991.					

2.       To continue survey inspections of existing facilities.

**Measure:           Number of survey inspections**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Actual Data collection on survey inspections began in 1991		574	580	577	<u>1994</u> 580

3.       To insure competency of high pressure piping contractors and installers in Minnesota.

**Measure:           Number of pipefitters licenses issued and renewed**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives
Contractors	269	279	278	292	<u>1994</u> 295
Journeyman	2,083	2,121	2,143	2,144	2,150

### **Part 3: Substantiating the Performance Measures**

**Agency:** Department of Labor and Industry  
**Program:** Workplace Services -- Code Administration and Inspection Services

**Unit:** Boiler

**Objective 1.** To annually inspect boilers not inspected by insurance inspectors and biannually inspect pressure vessels.

**Measure:** Number of objects inspected

**Definition:** Boilers and pressure vessels are inspected for compliance to American Society of Mechanical Engineers Codes and Standards, an internationally recognized standard for new construction, and compliance to National Board Inspection Code for repair and alteration of boilers and pressure vessels. Boilers are inspected annually, while pressure vessels are inspected biannually.

**Rationale:** All boilers and pressure vessels shall be inspected, per M.S. 183.38 unless expressly excepted as provided in M.S. 183.56. The Division of Boiler Inspections has incorporated, for standards of inspection, the current edition, with addenda, of the American Society of Mechanical Engineers Boiler and Pressure Vessel Code for construction, operation, in-service inspection of, and care of boilers and pressure vessels; and the National Board Inspection Code for repairs and alterations and the rules of the division Boiler Inspection as adopted by Department of Labor and Industry (183.48).

**Data Source:** A database is maintained of all boilers and pressure vessels in the state. State inspected objects are recorded in daily logs.

**Factors Beyond Agency's Control That Affect Performance:** The total number of boilers and pressure vessels is determined by economic growth, and modernization of equipment not covered by the boiler and pressure vessel code, i.e., forced air furnaces. The number of state inspected objects are a result of companies that can not afford Insurance, who cannot have their equipment insured, or prefer to have their equipment state inspected.

**Objective 2.** To perform the duties of a third party inspection agency for fabrication and repair organizations.

**Measure:** Number of hours of shop inspection

**Definition:** American Society of Mechanical Engineers Code for Construction of boilers and pressure vessels requires a third party inspector to witness various aspects of the fabrication and testing of those objects and verify code compliance by signing a manufacturer data report, which describes the object and is assigned a unique number, which may be registered with the National Board of Boiler and Pressure Vessel Inspectors, Columbus, Ohio.

Repairs and alterations to American Society of Mechanical Engineers vessels require an "R" repair stamp company authorized by the National Board for boilers and pressure vessels, and third party inspection for repairs and alterations.

**Rationale:** Boilers and pressure vessels constructed and installed in this state must meet all the requirements of the construction code to which it was built, M.S. 183.60, Subd. 1, Subd. 3. Every boiler or pressure vessel which is repaired by welding or riveting shall meet the requirements of the National Board Inspection Code for boilers and pressure vessels, M.S. 183.60 Subd. 2.

Inspectors are qualified as to MN 183.38, Subd. 2 and 183.39, Subd. 1.

**Data Source:** The amount of time inspectors are in the shop is documented on daily reports.

**Factors Beyond Agency's Control That Affect Performance:** Other codes and standards from foreign countries may have to be examined for acceptance if meeting minimum requirements but not compromising the integrity of the object.

**Objective 3. Inspect boats-for-hire on inland waters for safety equipment and condition of craft.**

**Measure: Number of inland boats-for-hire inspected.**

**Definition:** Since 1865, when the steam ship Sultana exploded killing approximately 1,450 union soldiers, inspection of steam driven boats by boiler inspectors has been required by law. In more modern times the inspection has shifted from steam power to gas or diesel. However, other concerns such as ventilation and backfire protection are addressed, since much of the other safety equipment has not changed.

**Rationale:** Boats on inland waters are not inspected by the U.S. Coast Guard. However, M.S. 183.41 provides for rules which adopt the requirements and specifications of Coast Guard inspection as provided in the Code of Federal Regulations, CFR 46, thus making state inspection an equivalent alternative inspection.

**Data Source:** Number of boats-for-hire inspected are recorded on inspectors' daily reports.

**Factors Beyond Agency's Control That Affect Performance:** The economy and climate are the major factors of when or if a boat-for-hire is added to a fleet. We expect the numbers of boat inspections to decrease because of the aging of wooden crafts and the addition of more private users, which will decrease dependence on charter services. The Federal Regulations change from time to time, which may require rule revision. We will also consider moving this function to another, more appropriate agency.

**Objective 4. Examine and license boiler operators**

**Measure: Number of examinations administered.**

**Definition:** Boiler operators in this state are examined and issued licenses based on proof of adequate experience for the grade level desired in regards to size as measured by horsepower, grade as determined by operating pressure, and/or a combination of operating pressure, and experience operating, steam engines and turbines.

**Rationale:** To provide for the protection of human life, and protection from the destruction of property, M.S. 183.50 stipulates that no one shall be entrusted with the operation of, or operate any boiler, steam engine or turbine who has not received a license and grade covering that boiler, steam engine or turbine. The procedures for administering exams are those of the Chief Boiler Inspector as defined in M.S. 183.505, and exams; classifications and qualifications shall meet requirements of 183.51.

**Data Source:** Number of licenses processed each year are recorded on serialized applications, and documented by computer data entry.

**Factors Beyond Agency's Control That Affect Performance:** Modernization and energy improvements of plants and buildings which results in down-sizing heating requirements, and at times eliminates the license requirement entirely.

**Objective 5. Perform tri-annual audits of fabrication and repair organizations, and other National Board functions.**

**Measure: Number of American Society Mechanical Engineers or National Board Inspection Code for Boilers and pressure vessels audits preformed.**

**Definition:** There are currently 60 American Society of Mechanical Engineers and/or National Board Inspection Code boiler and pressure vessel fabrication and repair shops authorized to fabricate and repair in the state. All but three have insurance company inspection services. The state, on behalf of the National Board and American Society of Mechanical Engineers, has three inspectors qualified as American Society of Mechanical Engineers designees to perform 57 audits, three being audited by the National Board. The chief boiler inspector has other duties as described by the National Board Inspection Code by-laws, including administrating the exams to qualify inspectors.

**Rationale:** Performing the audits on behalf of the American Society Mechanical Engineers and National Board Inspection Code for boilers and pressure vessels results in an enormous savings for the fabrication shops, a function which would otherwise require a consultant from the National Board. An advance of \$2,500 is required from a fabrication shop when a National Board consultant is used.

**Data Source:** The Division of Boiler Inspection has a published list of stamp holders in the state.

**Factors Beyond Agency's Control That Affect Performance:** The audits performed are tri-annual, with three qualified designees performing this function. Maintaining qualification of a designee requires three audits annually per auditor. The number of new shops appears to be increasing indicating a possible economic upturn. The American Society of Mechanical Engineers and National Board of Boiler and Pressure Vessel Inspectors Code sets forth all requirements of this function.

**Unit: High Pressure Piping**

**Objective 1. To increase the number of permits issued and the number of permit inspections.**

**Measure: Number of permits issued.  
Number of permit inspections**

**Definition:** Permits are required for all high pressure piping construction.

**Rationale:** M.S. 326.46 to 326.521 designates High Pressure Piping to administer Chapter 5230. A permit is issued after a reviewal is completed on licensure, bonding, liability insurance, workers' compensation, and fee requirements. The performance indicator is that with the banning of CFC refrigerants and with industry's conversion to ammonia systems, we expect a greater number of ammonia permits. We expect ammonia based system permits to increase the total number of permits by 5-10 percent.

More ammonia systems and a large ratio of smaller jobs (without an engineer) require more inspections, so the number of inspections has increased more than the number of permits.

The inspection process involves checks for proper licensure, code compliant material and equipment, and welding procedures and certification. On site design changes are reviewed and monitored, as well as hazardous conditions such as ammonia, safety valve, and blowdown valve discharges. With clients, inspectors witness hydrotesting of systems, prior to approval. Inspections are educational as well as administrative.

**Data Source:** Inspector summary reports, industry sources.

**Factors Beyond Agency's Control That Affect Performance:** The economic condition of the construction industry, size of projects inspected, complexity of the system, distances between inspection sites.

**Objective 2. To continue survey inspections of existing facilities.**

**Measure: Number of survey inspections**

**Definition:** Survey inspections are conducted when inspectors are in the region for permit inspections. It is a means of outreach, a way to meet with clients on new and existing facilities, prior to construction, to review technical issues and applicable codes.

**Rationale:** M.S. 326.46 to 326.52; designates High Pressure Piping to administer chapter 5230. The unit is responsible for assuring a safely installed high pressure piping system. Ammonia piping was added to the responsibilities, with technical rules approved in 1992. With a new client base added, the unit embarked on an outreach effort to work with business: architects, engineers, users, contractors and vendors, for fewer crisis situations and work stoppages due to misinterpretation of code requirements. Over 200 violations have been corrected through survey inspections.

**Data Source:** Inspector summary reports

**Factors Beyond Agency's Control That Affect Performance:** With four inspectors and the number of permit inspection requests, time allotted for this activity varies with the amount and complexity of the permitted work.

**Objective 3. To insure competency of high pressure piping contractors and installers in Minnesota, the number of licensed pipefitters will remain steady.**

**Measure: Number of licensed pipefitters.**

**Definition:** Administration of exams and issuance of contractor and journeyman licenses.

**Rationale:** M.S. 326.48 designates High Pressure Piping to administer examinations and to review affidavits for qualifiable experience.

The written exam evaluates knowledge on Chapter 5230, ASME B31.1 Power Piping, ASME Section 9 Welding, ASME B31.5 Refrigeration, and ASHRAE Chapter 15 Ammonia. The exam measures knowledge of code requirements, structural integrity, and system soundness via questions and drawings.

**Data Source:** New and renewing license holders are recorded.

**Factors Beyond Agency's Control That Affect Performance:** Economic conditions in the construction industry.

**Part 2: Program Information**

**Agency: Department of Labor & Industry**  
**Program: Workplace Services -- Labor Standards**

**Program purpose:** The purpose of the Labor Standards Unit is the enforcement of the Minnesota Fair Labor Standards Act (MFLSA), the Minnesota Child Labor Standards Act (MCLSA), Prevailing Wage Law, the Fee Employment Agency Laws, and the law governing the use of lie detectors. The Division also provides mediation and consultation on Minnesota Chapter 181 concerning employment wages, conditions, hours and restrictions (includes the Parental Leave Law). The primary purpose of the MFLSA is to safeguard existing minimum wage and overtime compensation standards that maintain workers' health, efficiency and general well being and to sustain purchasing power. The purpose of the MCLSA is to aid in the economic, social and educational development of young people through employment. The purpose of the Prevailing Wage program is to conduct surveys to determine wage rates in given classes of labor common to the construction industry so that public works are constructed by the best means and highest quality labor available.

**Goals:**

- To provide maximum protection and enforcement through prompt investigations of alleged violations.
- To continue to provide and improve outreach programs to assist employers in understanding the obligations of employers and assist employees in understanding their rights in the workplace.
- To improve survey process and increase by 10% the number of wage determinations by increasing the classes of labor covered by the Prevailing Wage Law.

**Performance Objectives and Measures:**

1. Provide maximum protection and enforcement through prompt investigations of alleged violations.

**Measure: The Department compiles data on those complaints which warrant a formal investigation:**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives	
					<u>1994</u>	<u>1995</u>
Actual Complaints/ Investigations *	245	241	238	148	138	***150
*(Covers Minimum Wage, Overtime, Child Labor, Prevailing Wage, Parental Leave and Fee Agencies)						
Average Investigation Time (days)	76	77	136	87	75	65
Number of wage claims handled**	530	327	239	300	400	***450

\*\* (Claims for final wages under M.S. 181.13 & 181.14)

\*\*\* (Increases due to projected increase and effectiveness of outreach programs)

- To continue to provide and improve outreach programs to assist employers in understanding their obligations and assist employees in understanding their rights in the workplace. The outreach programs include an informational menu on a Voice Mail system (established fiscal 1993), responding to telephone inquiries, posters (including foreign language translations), brochures, news releases, speeches, and participation at conferences and conventions.

**Measure:** The Department compiles data on use of Voice Mail, number of telephones answered, posters and brochures mailed, and speeches made.

					Objectives	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Actual					30	40
Speeches	33	26	19	24		
Brochures -	38,000	40,000	56,000	56,000	60,000	60,000
Voice Mail **	NA	NA	NA	NA	92,000	100,000
<b>Informational Menu</b>						
**(Established 1994)						
Number of constituent phone requests for information and/or complaints (Calls reduced by use of Voice Mail)	NA	NA	68,000	70,000	60,000	60,000

- To improve survey process and increase by 10% the number of wage determinations by increasing the classes of labor covered by the Prevailing Wage Law.

**Measure:** The Department compiles data on wage determinations for Highway Heavy and Commercial projects.

					Objectives	
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Actual						
Certifications:						
-Highway/Heavy-	3176	3132	3018	3981	4000	4400
-Commercial-	2116	2265	2281	3262	3400	3600

### **Part 3: Substantiating the Performance Objectives**

**Agency: Department of Labor & Industry**  
**Program: Workplace Services -- Labor Standards**

**Measure: Complaints/Investigations.**

**Definition:** This unit is charged with safeguarding worker's wages, terms and conditions of employment, and ensuring the safety of minors in an employment relationship. The Department compiles data on those complaints which warrant a formal investigation.

**Rationale:** State law designates the Labor Standards Unit as the administrative unit responsible for regulating terms and conditions of employment, (i.e. Minimum Wages, Overtime, Child Labor, Prevailing Wages, Fee Agencies, and Chapter 181). The statutes mandating this function include Minnesota Chapters 177, 181, 181A, 184 and 184A.

**Data Source:** Statistics are continually updated on the computer and are easily accessible.

**Factors Beyond Agency's Control That Affect Performance:** As a general rule, MFLSA covers all enterprises in Minnesota, regarding the minimum wage, by providing a higher standard than provided by the Federal Fair Labor Standards Act (FLSA):

- Since FLSA provides coverage only for those enterprises whose annual gross volume of sales made or business done is \$500,000 or more, or for enterprises involved in interstate commerce, employees working for an enterprise whose annual gross volume of sales or business done is less than \$362,500, are covered by the MFLSA at the rate of \$4.00 per hour. Employees working for enterprises between \$362,500 and \$500,000 are covered under MFLSA at the rate of \$4.25 per hour. Both FLSA and MFLSA provide for coverage at \$4.25 per hour for enterprises at \$500,000 or more.
- MFLSA provides for a rate at \$4.00/4.25 for all employees, adults and minors. FLSA's rate of \$4.25 per hour is reduced by 20% for students.
- MFLSA does not allow for a tip credit as provided by FLSA.

Labor investigators are assigned to the Labor Standards Unit, as authorized under MFLSA, to safeguard against unfair competition of wage and hour standards by investigating enterprises and auditing payroll records to determine compliance with the minimum wage laws. Such a procedure is carried out to ensure compliance with the overtime laws, provided the enterprises are not covered by FLSA.

Due to newly enacted hour restrictions on 16 and 17 year olds the Unit has greatly increased its responsibility in enforcement. In essence the Division has taken over from the Federal Department of Labor virtually all child labor enforcement in the state.

**Measure: Telephone inquires, posters and brochures, news releases, and speeches.**

**Definition:** Number of callers that selected the options in the voice mail system. Number of phone calls received by staff on phones. Number of posters and brochures printed annually. Number of speeches given.

**Rationale:** Increased outreach effort will indicate that more people are getting the correct information directly from the source. Pro-active techniques greatly reduce the number of violations the Division has to investigate.

**Data Source:** Voice mail statistics weekly from the Department of Administration, telephone statistics through computerized data system, printing requisitions, record of speeches.

**Factors Beyond Agency's Control That Affect Performance:** No control on number of inquiries. Complaints should remain low if our outreach efforts (posters, voice mail, telephone, etc.) are effective.

**Measure:** Increase certifications and improve the survey process by increasing the number of classes of labor through rule changes.

**Definition:** Certified rates are established for individual labor codes through an annual survey. In fiscal year 1993, highway/heavy data included, 1,906 projects, 13,826 employees and 714 employers reported, resulting in 3,981 certifications. Commercial data included 5,083 projects, 25,750 employees and 2,273 employers reported, resulting in 3,262 determinations. Project certifications were individually determined for 518 state funded projects from October 1, 1992 to June 30, 1993 (project by project certification system was implemented October 1, 1993).

**Rationale:** Mandated by M.S. §177.41 - 177.44

**Data Source:** Surveys, statistics are continually updated on the computer and easily accessible

**Factors Beyond Agency's Control That Affect Performance:** Numbers of projects, employees and employers in the construction industry vary according to economic factors.

## **Part 2: Program Information**

**Agency: Minnesota Department of Labor and Industry**  
**Program: Workplace Services -- Division of Apprenticeship**

**Purpose:** Establish apprenticeship programs which train highly skilled workers for high wage jobs, establish and promote Youth Apprenticeship to train high school students for a workplace demanding highly qualified workers, expand apprenticeship programs in non-traditional career fields and increase enrollment of women and minorities in registered apprenticeship programs.

The Division of Apprenticeship has four (4) major goals:

- The Division provides the administrative and field services which are necessary to effectively supervise and regulate apprenticeship and on-the-job training programs. (M.S. 178.01)
- The Division promotes training programs which encourage the development of marketable skills. (M.S. 178.01)
- The Division promotes affirmative action which will increase the number of females and minorities taking advantage of the opportunities provided by apprenticeship programs. (CFR 29, Part 30, M.S. 178.0, Part 5200.0370)
- The Division serves as an information provider, by responding in a timely and accurate method to telephone and mail queries and also through dissemination of information through Division seminars, programs and publications.

### **Performance Objectives and Measures:**

1. New program standards will be increased by ten percent by 1996.

**Measure: Numbers of new standards approved per year:**

<u>1994</u>	<u>1995</u>	<u>1996</u>
41	43	45

2. Existing programs will revise standards to address changing standards in the work force.

**Measure: Numbers of revised standards per year:**

<u>1994</u>	<u>1995</u>	<u>1996</u>
43	47	50

3. Field representatives will conduct ten percent more supervisory visits by 1996.

**Measure: Visits will be scheduled and conducted yearly:**

<u>1994</u>	<u>1995</u>	<u>1996</u>
111	116	122

4. Registered apprenticeship program sponsors for high school youth will increase 100 percent by 1996.

**Measure:** Number of employers identified and enrolled as registered sites:

<u>1994</u>	<u>1995</u>	<u>1996</u>
2	3	4

5. EEO program compliance reviews of programs enrolling more than five (5) apprentices will be conducted on each program each year. The number of active programs having five (5) or more apprentices fluctuates from year to year.

**Measure:** Number of approved registered programs reviewed each year:

<u>1994</u>	<u>1995</u>	<u>1996</u>
*83	*83	*83

6. Increase by five percent the number of approved sponsors by targeting presentations to Chambers' of Commerce, trade associations and minority communities promoting the benefits of registered apprenticeship programs..

**Measure:** Number of active sponsors with approved programs:

<u>1994</u>	<u>1995</u>	<u>1996</u>
330	338	347

**Note:** \* 83 sponsors as of F.Y. 94; F.Y. 95-96 may vary.

### **Part 3: Substantiating the Performance Measures**

**Agency: Minnesota Department of Labor and Industry**  
**Program: Workplace Services -- Division of Apprenticeship**

**Objective 1: New program standards will be increased by ten percent by 1996.**

**Measure: Number of new standards approved per year:**

*Definition:* Program standards indicate the parameters and expectations a sponsor, apprentice and this Division can expect to occur over the duration of the apprenticeship. Minnesota standards are minimum requirements which have been identified and accepted as reasonable by the Minnesota Apprenticeship Advisory Council.

This outcome and output measure ensures quality skilled training for apprentices and quality workmanship for employers. In addition, by increasing the number of new standards, we are able to provide more opportunity for quality training for more employers and employees.

*Rationale:* Since 1939 Minnesota Statutes 178 provided uniform criteria (guidelines) for approval of apprenticeship standards. The standards include, but are not limited to these subdivisions: Definitions, Policy, Qualification of Apprentices, Apprenticeship Agreement, Terms of Apprenticeship, Credit for Previous Experience, Probationary Period, Responsibilities of Apprentice, Supervisor of Apprentices, Schedule of Work Processes and Wage Schedules, Related Instruction, Hours of Work, Certificate of Completion of Apprenticeship, Modification of Program, Compliance with Minnesota Plan for Equal Employment Opportunity in Apprenticeship.

With new program standards being approved, the citizens of Minnesota, both employers and employees, benefit from new opportunities to increase worker's skill level and wages. In addition, it ensures Minnesota's ability to compete globally, while at the same time contributing to the employer and employee's quality of life.

*Data Source:* Since 1939, Minnesota's Division of Apprenticeship has documented the number of new program standards on a yearly basis. This documentation gives us a baseline from which we can compute increases over the next two (2) years.

**Objective 2: Existing programs will revise standards to address changing technology in the work setting.**

**Measure: Number of revised standards per year.**

*Definition:* As technology changes and new processes, equipment and materials are utilized by businesses and industry, it becomes necessary to indicate changes in the form of revised standards.

*Rationale:* This revision process is critical to meeting the needs of both employers and employees. A well trained work force being taught out-dated processes and techniques is of no benefit to the employer, employee or the State of Minnesota. The Division of Apprenticeship, while not tuned in to all changes or to all industries, asks critical questions of sponsors who have approved standards which have not been revised in over three (3) years.

**Data Source:** Sponsors' lists are generated quarterly which indicate date of approval, last date of visit, EEO compliance review dates, last revision of standards and contact person with telephone number.

**Objective 3:** Field representatives will conduct ten percent more supervisory visits by 1996.

**Measure:** Visits will be scheduled and conducted yearly.

**Definition:** Supervisory visits of existing approved registered apprenticeship programs occur yearly. A schedule is developed each year which indicates the company, contact person and date to be visited. Each Field Representative has a group of sponsors she/he must conduct each year.

**Rationale:** Training of apprentices requires a firm commitment by both the employer and the apprentice. Occasionally employers fail to rotate the apprentice from process to process and, likewise, the apprentice may forget or fall behind in his/her related training requirements. The approved standards specifically spell out the requirements of employers/employees and a supervisory visit is intended to ensure the apprentice is being properly trained both on-the-job and in related classroom training. Supervisory visits are intended to assist employers and ensure quality training programs. The visits are intended to be of a technical assistance nature.

**Data Source:** Sponsor list generated by Mapper.

**Objective 4:** Registered apprenticeship program sponsors for high school youth will increase 100 percent by 1996.

**Measure:** Number of employers identified and enrolled as registered youth sites.

**Definition:** Youth Apprenticeship is a Division of Apprenticeship's initiative intended to register junior and senior high school students in approved, registered apprenticeship programs. Standards for the youth initiatives may differ slightly from Minnesota minimum standards with regards to hours of work and related training classes.

**Rationale:** Typical high school students can work 20 hours per week without affecting their studies. Likewise, related training requirements can be waived to ensure the required high school classes for graduation are not affected by having additional educational requirements added on. These slightly different standards in no way affect the quality of training the apprentice receives. In addition, it was the Division's intention from the beginning to not differentiate between youth or adult apprenticeship. Our position is, and always will be, that there is only registered apprenticeships as long as the individual is 16 years of age or older. This authorization was given to the Division of Apprenticeship in 1939 under Minnesota Statute 178, Master and Apprentice.

**Data Source:** Lists of businesses and industry associations, school districts, colleges, Chambers of Commerce and existing sponsor lists will all be sources of identifying potential sites for high school students. Geographical considerations will apply to assist apprentices locate positions close to home or transportation to minimize inconveniences on the youth apprentice's work experience.

**Objective 5:** EEO program compliance reviews of programs enrolling more than five (5) apprentices will be conducted on each program each year. The number of programs having five (5) or more apprentices fluctuates from year to year.

**Measure:** Number of approved registered programs reviewed each year.

**Definition:** Compliance reviews are required each year by Federal CPR 29, Part 30 and Minnesota Statutes 178, Part 5200.0370 for approved apprenticeship programs with five (5) or more participating apprenticeships. The review consists of a comprehensive analysis and evaluation of apprentices selection processes and procedures. The review compares the sponsors efforts to work toward achieving an agreed upon goal for women and minorities in their employ based on the 1990 Census figures of women and minority percentages in the workplace.

**Rationale:** Compliance reviews are intended to ensure more equitable participation of women and minorities in the workplace. It is the Division's intent to strictly enforce the agreed upon goals which the sponsors must attain. Reviews in the past have shown some progress and some regression. The reviews will become a constant check to assure compliance with affirmative action activities.

**Data Source:** The 1990 Census, by county, is used when determining percentages the sponsors should set as their goal for the coming year. Two years of compliance reviews are on file to assist field representatives determine if satisfactory progress is being made to attain equitable members. The computer-generated list will indicate the number of reviews to be completed each year.

**Objective 6:** Increase by five percent the number of approved sponsors by targeting presentations to Chambers' of Commerce, trade associations and minority communities promoting the benefits of registered apprenticeship programs.

**Measure:** Number of active sponsors with approved programs.

**Definition:** Marketing apprenticeship as a viable and successful method of training employees is a major goal of our Division. In the past, efforts to recruit potential apprentices resulted in confusion and many people calling our office to apply for placement. Our new effort will be to mail brochures, schedule group presentations or one-on-one visits to companies explaining to potential sponsors what the benefits of apprenticeship could be for their company. School district counselors and job developers will also be trained to identify potential employers by promoting apprenticeship.

**Rationale:** This effort will result in fewer calls to our office by individuals looking for placement. Conversely, it will increase the number of companies looking for further information on apprenticeship, it will ensure a wider group of employers being exposed to apprenticeship information and it will provide a framework for developing working relationships and networking for the entire business community of the State of Minnesota.

**Data Source:** Chambers' of Commerce, trade association members, minority councils, schools, SDAs, PICs; all are sources for developing lists and potential audiences for apprenticeship information.

## Part 2: Program Information

**Agency:** Department of Labor and Industry

**Program:** Workplace Services -- OSHA Compliance

**Program Purpose:** The mission of the OSHA Compliance Division is to ensure that all employers in Minnesota are providing a safe and healthful workplace for their employees. OSHA Compliance responds to employers' and employees' concerns, assists them in understanding and complying with occupational safety and health standards, inspects workplaces to ensure compliance, supports and encourages voluntary compliance through employer and employee participation in safety and loss prevention programs, and assists employers and employees in these efforts by providing training and guidance.

### Performance Objectives and Measures:

1. Workplace Lost Workday Case Incidence (LWDCI) rates will be reduced by 5 percent by the year 2000.

**Measure:** Average lost workday case rates for employers regulated by Minnesota OSHA.

	Objectives						
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>2000</u>
Actual	3.8	3.8	*3.8	*3.8	3.75	3.7	3.6

\*Projected numbers, based on year-to-date information.

2. Outreach and educational programs will be increased by 5 percent by 1996 based on the 1992 totals.

**Measure:** Number of outreach contacts per year.

	Objectives						
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual	131	113	139	**135			146

**Measure:** Number of employers and employees trained each year.

	Objectives						
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual							
Employers	4277	3281	3667	*3561	3693	3773	3850
Employees	4758	2277	3553	*3451	3579	3655	3730

\*\*Projected numbers, based on year-to-date information.

3. Employers establishing an AWAIR (A Workplace Accident and Injury Reduction) program will show an annual 2 percent decrease in their Experience Modification Rate (EMR) by 1996.

**Measure: Annual survey of EMRs for employers receiving citations for failure to implement an AWAIR program.**

The OSHA Compliance Division does not have the information needed to report this measure at the present time but will develop the measure in the future by using experience modification rating information provided by the Minnesota Workers' Compensation Insurance Association and MNOSHA citation data generated by the OSHA Integrated Management Information System (IMIS).

The first step in utilizing this measure will be to conduct update training for safety and health field investigators to stress the importance of their role in advising employers who will be cited for failure to have an AWAIR program of the benefits that can be realized when an effective safety and health program is implemented. Follow-up inspections and progress reports filed by the employer will indicate the progress that is being made in establishing an AWAIR program.

MNOSHA citation data will be queried annually to obtain a list of those employers inspected under the Experience Modification Special Emphasis Program who were cited for not having an AWAIR program. This data will include the employer's experience modification rating at the time the inspection was conducted. This list of employers will then be compared to data provided to MNOSHA by the Minnesota Workers' Compensation Insurance Association which includes employers' experience modification ratings for the last five years. This data is provided annually and includes the last five years of data. It is possible, therefore, that an employer's experience modification rating could be tracked for a five-year period. Should an employer not appear in the experience modification data, a phone call to the Minnesota Workers' Compensation Insurance Association will acquire the information.

### **Part 3: Substantiating the Performance Measures**

**Agency: Department of Labor and Industry**

**Program: Workplace Services -- OSHA Compliance**

**Objective 1: Workplace Lost Workday Case Incidence (LWDCI) rates will be reduced by 5 percent by the year 2000.**

**Measure: Average lost workday case rates for employers regulated by Minnesota OSHA.**

*Definition:* A Lost Workday Case Incidence rate is a measure of those incidents which involve one or more lost workdays away from work because of a work-related injury or illness and includes cases which involve both days away from work and days of restricted work activity.

*Rationale:* Minnesota Statutes Chapter 182 designates the Department of Labor and Industry as the agency primarily responsible for assuring safe and healthful working conditions for Minnesota workers. Through its Occupational Safety and Health Division (MNOSHA), the agency plays a lead role in developing state policies, promulgating rules, and enforcing state and federal regulations. MNOSHA conducts on-site safety and health inspections of workplaces to identify hazards, issues citations for violations of safety and health standards, and encourages voluntary compliance.

This outcome measure directly demonstrates whether progress is being made toward the program goal of assuring safe and healthful working conditions for Minnesota workers. Eliminating hazards in the workplace will result in fewer and less severe injuries to employees which will be reflected in a lower incidence of lost workday cases.

*Data Source:* Lost Workday Case Incidence rates are calculated as part of the annual Minnesota Occupational Injury and Illness Survey that is conducted by the Department of Labor and Industry in cooperation with the U. S. Department of Labor's Bureau of Labor Statistics. The annual survey involves the collection of data from employers as recorded on their OSHA 200 Form, "Log of Occupational Injuries and Illnesses."

*Factors Beyond Agency's Control that Affect Performance:* Potential changes in the Bureau of Labor Statistic's data collection process will affect the type and amount of data that is collected and reported. Considerable delays in reporting Minnesota and national BLS data prohibit the availability of "current year" data. In fact, at the current rate of data reporting, data for the year 2000 will not be available before late 2002 or early 2003. Minnesota OSHA staffing levels are dependent upon Federal and State appropriations which affects the number of inspections that can be conducted each year and the availability of employer assistance.

**Objective 2: Outreach and educational programs will be increased by 5 percent by 1996 based on the 1992 totals.**

**Measure: Number of outreach contacts per year.**

*Definition:* The number of outreach and educational programs conducted by MNOSHA personnel as reported by personnel conducting the outreach program.

*Rationale:* Minnesota Statutes Chapter 182 designates the Department of Labor and Industry as the agency

primarily responsible for assuring safe and healthful working conditions for Minnesota's workers. One means of meeting this objective is by assisting employers and employees in understanding OSHA standards and communicating information concerning safety and health issues. Outreach and educational programs are an effective means of providing this assistance.

This output measure directly demonstrates whether we are making progress toward the objective of increasing the number of outreach and educational programs conducted.

**Data Source:** Internal data base data generated from outreach reports submitted by MNOSHA personnel who participate in or conduct training and education programs on OSHA-related topics.

**Factors Beyond Agency's Control that Affect Performance:** Outreach presentations depend in large part upon the willingness of employers, employees, and others to schedule and attend sessions. The agency makes every effort to participate in seminars and training sessions sponsored by other agencies and organizations where our assistance is requested, encourages groups and organizations to schedule sessions in response to pertinent safety and health issues, and schedules agency-sponsored outreach as budgetary constraints will allow. The agency has no authority, however, to force individuals and/or organizations to sponsor outreach sessions or to attend those sponsored by this agency.

**Measure: Number of employers and employees trained each year.**

**Definition:** The total number of employers and employees who attend MNOSHA seminars and presentations as reported by MNOSHA personnel conducting or participating in the training program.

**Rationale:** One of the most effective means of accomplishing the agency's goal of assuring safe and healthful working conditions is the education of employers and employees in the recognition and correction of safety and health hazards. Outreach and educational programs lead to better understanding of OSHA requirements resulting in safer and more healthful work environments.

This measure directly demonstrates that progress is being made toward the objective stated above. If the number of employers and employees trained each year is to increase, the number of outreach and educational programs that are conducted must increase as well.

**Data Source:** Internal data base data generated from outreach reports submitted by MNOSHA personnel upon the completion of an outreach or educational program.

**Factors Beyond Agency's Control that Affect Performance:** Outreach presentations depend in large part upon the willingness of employers and employees to attend sessions. The agency makes every effort to participate in seminars and training sessions where our assistance is requested, encourages groups and organizations to schedule sessions in response to pertinent safety and health issues, and schedules agency-sponsored outreach as budgetary constraints will allow. The agency encourages employers and employees to participate in safety and health training sessions, but cannot force them to attend.

**Objective 3:** Employers establishing an AWAIR (A Workplace Accident and Injury Reduction) program will show an annual 2 percent decrease in their Experience Modification Rate (EMR) by 1996 which will result in a 2 percent savings on workers' compensation insurance premiums.

**Measure:** Annual survey of EMRs for employers receiving citations for failure to implement an AWAIR program.

**Definition:** Recent experience modification rating compared to previous years' ratings for those employers cited for failure to establish an AWAIR program.

**Rationale:** Minnesota Statutes Chapter 182 designates the Department of Labor and Industry as the agency primarily responsible for assuring safe and healthful working conditions for Minnesota workers. One means of affecting workplace safety is the establishment of an effective safety program. To stress the importance of safety programs, the Legislature amended the Occupational Safety and Health Act in 1990 by passing the AWAIR (A Workplace Accident and Injury Reduction) Act. AWAIR requires employers in certain standard industrial classifications to develop a workplace safety and health program that involves labor as well as management participation.

This outcome measure directly demonstrates whether we are making progress toward the objective stated above. Safety programs have long been considered an effective means of eliminating workplace hazards and affecting a safe and healthful workplace. An indicator of an employer's injury and illness experience is the Experience Modification Rating (EMR). The Minnesota Workers' Compensation Insurance Association calculates the EMR for employers who carry workers' compensation insurance in Minnesota. The EMR represents the employer's injury and illness rating based on actual experience. A rating of 1.0 is considered average for the employer's industry, while a 1.10 rating would indicate that the employer's workers' compensation insurance costs are ten percent higher than average. Implementation of an effective safety and health program (AWAIR) should result in a reduction in occupational injuries and illnesses which will be reflected in a lower EMR.

**Data Source:** The Minnesota Workers' Compensation Insurance Association provides Minnesota OSHA with EMR data annually. Employers cited for failure to have an AWAIR program will be obtained from inspection data generated by the Minnesota OSHA Integrated Management Information System (IMIS).

**Factors Beyond Agency's Control that Affect Performance:** Changes in the formula that is used to calculate employers' EMR are beyond the agency's control.

**Part 2: Program Information**

**Agency: Department of Labor and Industry**  
**Program: Workplace Services -- Workplace Safety Consultation**

**Program Purpose:** To provide non-enforcement safety and health consultative services at no cost to requesting employers. This activity helps the employer to prevent or reduce the occurrence of injuries and illnesses which may result from exposure to hazardous workplace conditions or from hazardous work practices. Small employers (1-500 employees) in high hazard industries, who might not otherwise have assistance in their efforts to reduce the human and financial costs of job-related injuries and illnesses, are specifically targeted in promotional activity and given highest priority in scheduling.

Workplace Safety Consultation responds to employers' requests for assistance in understanding and voluntarily complying with MN Occupational Safety and Health Standards. On-site/off-site technical assistance is also provided in standards interpretations. Compliance is encouraged through employer/employee participation in safety and health loss prevention programs. We provide additional assistance by providing training/education to employers and their employees.

**Performance Objectives and Measures:**

1. High hazard employers assisted will experience a five percent reduction in their lost time injury and illness rates by the year 2000.

**Measure:** The average number of lost-time injuries and illnesses occurring during each year compared with the total number of employee hours worked that year.

Workplace Safety Consultants will use the workers' compensation claims to evaluate the lost time injury and illness rate.

2. Training and educational assistance to small high hazard employers will increase by 10% by 1996 based on the 1992 totals.

**Measure:** Number of training and education assistance sessions per year.

					Objectives		
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>*1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual	35	38	52	174	66	73	80

\*OSHA Compliance will provide additional training and education sessions in the coming years.

**Measure:** Number of employers and employees trained each year.

					Objectives		
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual							
Employers	256	891	937	972	1000	1100	1200
Employees	430	836	1238	726	800	880	900

**Measure:** Number of on-site consultation assistance visits per year/per consultant.

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	Objectives		
					<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual	315	347	492	319	400	440	460

3. Employers who have received assistance in the development of the AWAIR (A Workplace Accident and Injury Reduction) program will realize an OSHA Penalty reduction of up to 30% if they subject to a compliance visit.

**Measure:** Annual survey of employers who have received consultation assistance for AWAIR Program development.

Actual: Workplace Safety Consultation will develop the measure by using computer data generated by OSHA Compliance through the federal Altos Computer System. It will be in place by March 1994.

### **Part 3: Substantiating the Performance Measures**

**Agency: Department of Labor and Industry**

**Program: Workplace Services -- Workplace Safety Consultation**

**Objective 1: High hazard employers assisted by consultation will experience a five percent reduction in their lost time injury and illness rates by the year 2000.**

*Definition:* The costs associated with high hazard employers Workers' Compensation is somewhat influenced by the type of business, types of accidents, and the loss prevention program they design and implement to reduce accidents in their respective industries or companies.

*Rationale:* To provide private sector employers with consultative services to assist them in implementing and maintaining effective safety and health programs that will reduce workplace injury costs and provide places of employment which are safe and healthful.

This 90 percent federally-funded activity (Section 7(c)(1) Federal OSHA Act 1970) provides non-enforcement safety and health consultative services at no cost to requesting employers. The activity helps them prevent or reduce the occurrence of injuries and illnesses which may result from exposure to hazardous workplace conditions or from hazardous work practices. Small companies in high-hazard industries, who might not otherwise have assistance in their efforts to reduce the human and financial costs of job-related injuries and illnesses, are specifically targeted in promotional activity and given a high priority in scheduling. Assistance is primarily provided at the worksite, but may also be provided by phone or at another location convenient to the employer. The overall goal is to reduce the incidence of injury or illness to workers by enhancing employers' ability to identify and control safety and health hazards.

Through its Workplace Safety Consultation Division, the agency plays a leadership role in providing assistance to high hazard employers in developing state and federal regulations. Workplace Safety Consultation conducts on-site safety and health inspections of workplaces to identify hazards, without citations for safety and health violations, and encourages voluntary compliance by providing compliance assistance to bring them into compliance.

This outcome measure demonstrates whether Workplace Safety consultation assistance is making progress toward their employers' workplaces being free of hazardous working conditions and work practices. Controlling and/or eliminating hazards in the workplace will result in fewer accidents, Workers' Compensation claims, and greater productivity.

*Data Source:* Lost time injury and illness rates are calculated by the Special Compensation Fund of the Department of Labor and Industry. The costs are derived from the employee's first report of injury forms filed by employers. Also, on an annual basis, the Department of Labor and Industry, Division of Information Management Services employees, in cooperation with the U.S. Department of Labor's Bureau of Labor Statistics, conducts a survey of Minnesota employers. The annual survey involves the collection of data from employers as recorded on their OSHA 200 forms (Log of Occupational Injuries and Illnesses).

*Factors Beyond Agency's Control that Affect Performance:* Potential changes in the Workers' Compensation data reported through the employee first report of injury forms and the lengthy litigation process may affect the type and amount of data reported. Further, mandated legislative studies commissioned by the 1992 Legislature may enhance the quality and integrity of the information collected and reports.

The Bureau of Labor Statistic's information is collected and reported annually by the Information Management Services Division of the Department of Labor and Industry, as required by U.S. Department of Labor's Annual Grant. This process also enhances the credibility and integrity of the information. Based on the aforementioned data reporting, information is available every year. In order for Workplace Safety Consultation to review and use this information, it will take at least one additional year. For example, at the current rate of data reporting, data for the year 2000 will be available in 2001 and used by Workplace Safety Consultation in 2002 or 2003. Workplace Safety Consultation staffing levels are dependent upon federal and state appropriations which impact on the number of consultation on-site inspections that can be conducted each year and the availability of employer assistance.

**Objective 2: Training and education assistance to small high hazard employers will increase by 10% by 1996 based on the 1993 totals.**

**Measure: Number of Training and Education Assistance per year.**

**Definition:** The number of training and educational programs conducted by safety and health consultants of the Workplace Safety Consultation Division and recorded into the federal Altos computer for retrieval.

**Rationale:** "Training" means the planned and organized activity of the consultants to impart skills, techniques, and methodologies to employers and their employees to assist them in establishing and maintaining an employment and a place of employment which is safe and healthful. "Education" means planned and organized activity by a consultant to impart information to employers and employees to enable them to establish and maintain employment and a place of employment which is safe and healthful. The Federal OSHA Act designates the Department of Labor and Industry, Workplace Safety Consultation Division, as the unit with the primary responsibility for providing assistance to small employers to assure safe and healthful workplaces and working conditions for Minnesota's workers. One of the ways to meet this objective is by assisting employers and employees in understanding OSHA standards and communicating information concerning safety and health issues. Training and education programs are an effective means of providing this assistance.

This output measure directly demonstrates whether Workplace safety Consultation is making progress toward the objective of increasing the number of training and education program conducted.

**Data Source:** Federal Altos computer data generated from training and education reports submitted by safety and health consultants who participate in or conduct such training and education program on OSHA - related topics for high hazard employer and employees.

**Factors Beyond Agency's Control that Affect Performance:** Training and education program presentations depend in large part on the Division's promotional efforts for employers to request such assistance, and their willingness to schedule and attend the training and education sessions. The Division makes every effort to participate in seminars and training sessions sponsored by other agencies and organizations or associations where our assistance is requested. We work with other agencies, associations, schools, counties, municipalities to schedule sessions in response to pertinent safety and health topics, such as AWAIR, Bloodborne Pathogens, Right-to-Know, Noise, Hearing Conservation, Lockout/Tagout, Electrical Hazards, etc. as budget constraints will allow.

**Measure: Number of employers and employees trained each year.**

**Definition:** The total number of employers and employees who attend Workplace Safety Consultation's

training and education seminars and presentations are recorded and reported by safety and health consultants who conduct or participate in such training and education programs.

**Rationale:** This measure directly demonstrates that progress is being made toward the objective above if the number of employers and/or employees trained each year show an increase. Progress is also being made if the number of training courses covers many different OSHA - related topics such as Employee Right-to-Know, Lockout/Tagout, Electrical Hazards, Bloodborne Pathogens, Hearing Conservation, and AWAIR.

**Data Source:** Federal Altos computer data generated training and education reports as submitted by safety and health consultants upon completion of each training session.

**Factors Beyond Agency's Control that Affect Performance:** Consultants may increase their promotional activity in this area, but employers must take advantage and request the consultant's assistance for training and education assistance. Presentations depend in large part upon the willingness of employers and their employees to attend the training sessions in order for them to be successful. The agency makes every effort to participate in seminars and training sessions where our assistance is requested. The agency encourages employers and employees to participate in safety and health training sessions, but we cannot force them to attend. Whenever it is possible, we combine efforts with other organizations to put on training and education sessions, thereby reducing costs and improving our effectiveness and efficiency.

**Measure:           Number of on-site consultation assistance visits per year.**

**Definition:** The number of small high hazard employers requesting and receiving on-site consultations conducted by safety and health consultants as reported by them. These visits are requested by employers for assistance at their worksites. The consultants provide assistance by identifying and providing advice on correction of these hazards included in the employers' request and any other safety or health hazard observed in the workplace when the consultant identifies a hazard. The consultant assists the employer to develop a specific plan to correct the hazard and a reasonable timeframe is set for the employer to report back to the consultation director on the corrective action taken.

**Rationale:** This outcome measure directly demonstrates whether the program is making progress toward the objective stated above. On-site consultation assistance is proven as the most effective method of bringing the small high hazard employer into compliance with OSHA standards, rules and regulations. The concept of providing assistance to employers and employees is understanding OSHA standards, and communicating relevant safety and health related information, without penalties, is one of the best methods of meeting the above mentioned objective. Increased number of on-site consultations enhance the small high hazard employers' ability to reduce the incidence of injuries and illnesses and therefore reduce the costs of operations. They also have the funds they would otherwise pay in penalties by using our services.

**Data Source:** Federal Altos computer data generated on-site consultation report submitted by safety and health consultants upon completion of each consultation visit to an employer.

**Factors Beyond Agency's Control that Affect Performance:** The increased number of on-site consultations depend in large upon the Workplace Safety Consultation Division's ability to effectively promote its services to the small high hazard employers of the state. It also depends upon the small employers experiences with our program. We need our clients to spread positive comments about services and the content of our training sessions. We do not have control over employers who refuse to request our services due to fear that we will turn them over to OSHA Compliance.

**Objective 3:** Employers who receive assistance in the development of their AWAIR (A Workplace Accident and Injury Reduction) Programs will realize an OSHA penalty reduction of up to 30% if inspected by OSHA Compliance.

**Measure:** Annual survey of employers who have received consultation assistance in AWAIR program development.

**Definition:** One essential means of affecting workplace safety and health is the establishment of effective safety programs. To emphasize the importance of this concept, Minnesota legislature amended our Occupational Safety and Health Act in 1990 by passing the AWAIR (A Workplace Accident and Injury Reduction) Act. AWAIR requires employers in certain standard industrial classifications to develop and implement a written workplace safety and health program that involves labor and management participation. The 1992 legislature also passed a Workers' Compensation law requiring employers of 25 or more employees to establish and implement effective safety and health committees without penalty for failure to do so.

**Rationale:** This outcome measure directly demonstrates whether we are making progress toward the objective mentioned above. Written safety and health programs established with top management's commitment, and with all the duties and responsibilities of key players clearly defined, have long been considered an effective means of identifying, controlling and/or eliminating workplace hazards and affecting a safe and healthful workplace. An indicator that this program is in place and that the employees are aware of their duties and responsibilities under the written program provides an employer the opportunity to receive a 30% discount toward any OSHA Compliance penalties. Implementation of an effective AWAIR program should also result in the reduction in occupational injuries and illnesses which will be reflected in lower workers' compensation claims and translate into dollar savings.

**Data Source:** The OSHA Consultation Unit will work with the Minnesota OSHA Compliance Unit to generate this data from the IMIS computer data base.

**Factors Beyond Agency's Control that Affect Performance:** Change in the coverage of the AWAIR Act depends on the data collected and made available by the Department of Labor and Industry's Information Management Services Bureau of Labor Statistics annual report.

## Part 2: Program Information

**Agency:** Department of Labor and Industry

**Program:** Workers' Compensation Division

**Program Purpose:** The mission of the Workers' Compensation Division is to minimize the impact of work-related injuries and disease on employers and employees. The workers' compensation system provides medical treatment and rehabilitation services, as well as wage replacement and payment for permanent injuries which have occurred during the course and scope of employment.

The Workers' Compensation Division provides a fast, responsive and easy to use workers' compensation system that minimizes waste and unnecessary service and reduces and resolves disputes with fair and predictable results in the shortest possible time.

The Workers' Compensation Division has three primary goals:

- To ensure that proper benefits are paid to injured employees at the lowest possible cost to employers (M.S. 176);
- To resolve all disputes fairly and equitably in the shortest possible time (M.S. 176).
- To collect revenue and manage the expenditures required to administer the entire workers' compensation system (M.S. 176.129).

### Performance Objectives and Measures:

1. By 1996 all workers' compensation information will be provided by the workers' compensation division with an error rate of less than 2%. Ninety-five percent of the time the information will be provided immediately, with the remaining 5% being delivered within 3 working days by 1996.

**Measure:** Errors identified by quality control checks and complaints will represent less than 2% of all contacts recorded and the percentage of information delivered on time.

	1993	Objectives		
		1994	1995	1996
Actual				
Number of contacts	100,000	100,000	102,000	104,000
Error rate	5%	4%	3%	2%
% of contacts answered same day	65%	70%	85%	95%
% of remainder within 3 days	10%	25%	75%	100%

2. 92% of workers' compensation benefits properly due and owing will be provided by insurers and self-insurers within the statutory time lines by 1996.

**Measure: Percentage of files with errors as measured by audit and substantiated complaint.**

		Objectives		
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual				
% of files without error	85%	88%	91%	92%

3. By 1995, vocational rehabilitation consultation and appropriate services will be initiated by the Vocational Rehabilitation Unit within 10 days of request by employees after claim denial by insurer.

**Measure: Audit of all rehabilitation service files of the unit for timeliness.**

		Objectives		
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual				
Current service initiated within 10 days	85%	95%	100%	100%

4. The quality of rehabilitation services provided by the Vocational Rehabilitation Unit will be in the top 30% of all workers' compensation rehabilitation firms, as measured by a combination of the percentage of return to appropriate employment, plan cost, percentage of date of injury wage achieved and plan duration.

**Measure: Direct comparison of all rehabilitation statistics reported to Labor and industry.**

		Objectives		
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual % of average	50%			
Future objective		40%	30%	30%

5. 95% of improperly uninsured employers reported to enforcement or identified by Division investigation, will be covered by workers' compensation insurance within 30 days of notification.

**Measure: Percent in compliance within 30 days**

		Objectives		
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual % employers covered	60%			
Future objective		75%	85%	95%

6. By 1997, 100% of eligible uninsured employees paid by the Special Compensation Fund will receive their benefits within 14 days of constructive notice of the injury.

**Measure: Percent of uninsured employees receive services within 14 days**

	<u>1993</u>	Objectives		
		<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual	75%			
Future objective		85%	95%	100%

7. 97% eligible second injury and supplementary claims for reimbursement will be paid within 90 days of receipt of claim.

**Measure: Number of days from acceptance to payment.**

	<u>1993</u>	Objectives		
		<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual number of days	120			
Future objective		100	90	90

8. To ensure 97% of rehabilitation services are provided in compliance with statutes, rules, and standards of professional conduct by 1996.

**Measure: Percentage of discrepancies confirmed on routine audit and complaints.**

	<u>1993</u>	Objectives		
		<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual % of problems confirmed	85%			
Future objective		90%	95%	97%

9. 99% of all assessments due and owing will be paid correctly and within the timelines provided by statute by 1996.

**Measure: Percentage of discrepancies identified through routine daily operation and audit.**

	<u>1993</u>	Objectives		
		<u>1994</u>	<u>1995</u>	<u>1996</u>
Actual % of discrepancies	87%			
Future objective		90%	95%	99%

10. To resolve with finality 75% of all disputes filed within the department without referral to another court system by 1996.

**Measure:** Number of disputes filed compared to number of disputes referred to OAH.

	<u>1993</u>	<u>1994</u>	Objectives	
			<u>1995</u>	<u>1996</u>
Actual %	55%			
Future objective		55%	65%	75%

11. To decrease the number of disputes filed with the department by 20% by F. Y. 97.

**Measure:** Number of disputes filed with department.

	<u>1993</u>	<u>1994</u>	Objectives		
			<u>1995</u>	<u>1996</u>	<u>1997</u>
Actual number filed	21,680	20,000			
Future objective		20,000	19,000	18,000	17,344

### **Part 3: Substantiating the Performance Measures**

**Agency: Labor and Industry**  
**Program: Workers' Compensation**

**Objective 1.** By 1996 all workers' compensation information will be provided with an error rate of less than 2%. Ninety-five percent of the time the information will be provided immediately with the remaining 5% being delivered within 3 working days by 1996.

**Measure:** Errors identified by quality control checks and complaints will represent less than 2% of all contacts recorded. Percentage delivered same day and between 1-3 working days.

**Definition:** Information in this context is all about workers' compensation whether provided pro-actively or in response to questions from any internal or external customer.

**Rationale:** All studies of workers compensation systems confirm that a primary source of conflict and inefficiency is miscommunication. The Workers' Compensation Division will be unable to effectively administer the system until it has clearly established itself as the preeminent source for accurate information about the workers' compensation system in general as well as individual claims. Disputes have consistently been resolved once all parties to the system share accurate information, so it is reasonable to expect a dramatic reduction in disputes when all customers have ready access to whatever information they need when they need it.

The measurement will establish the reliability and timeliness of the information provided. While this measure in itself may not prove the efficiency of the operation, when this measure is taken in context with reductions in disputes and timely payment of appropriate of benefits, it will accurately reflect the impact of the division on the system as a whole.

**Data Source:** Internal audits and continuous quality control indicators captured by the information management system at Labor and Industry.

**Factors beyond Agency Control:** Future staff reductions mandated by any new budgetary constraints could affect the ability of the program to meet delivery time lines.

**Objective 2.** By 1996, 92% workers' compensation benefits properly due and owing are provided by insurers and self-insurers within the statutory time lines.

**Measure:** Percentage of files with errors as measured by audit and substantiated complaint.

**Definition:** Benefits include wage replacement benefits, payment for permanent loss of use of body part or function, rehabilitation services, and medical treatment.

**Rationale:** The Workers' Compensation Division has the statutory authority to administer the workers' compensation system in which the actual services are provided predominately by the private sector. Thus, the mission of the Division is primarily to provide oversight and to resolve problems. The most accurate measurement of the efficiency of the system is the degree to which services are provided in the right amounts at the right time to the particular claimants who require and qualify for them. The Division has

the greatest impact on the system by closely monitoring the provision of services by insurers and self-insurers and immediately correcting deficiencies as they are identified.

**Data Source:** Workers' compensation law requires insurers and self-insurers to submit a variety of information to the Workers' Compensation Division. That information is captured on the Department's information management system and retained in claim files maintained by the Workers' Compensation Division. This primary source of information is supplemented as required by direct inquiry to claimants, payers, and service providers. The combination of these sources fully defines compliance with all aspects of workers' compensation law.

**Factors beyond Agency control:** Inaccuracy of information provided by payers, service providers, and claimants could skew the results obtained by the Division, but built-in cross-referencing of sources should identify and limit the impact of that problem.

**Objective 3.** By 1995, vocational rehabilitation consultation and appropriate services will be initiated within 10 days of request by employees after claim denial by insurer.

**Measure:** Audit of all rehabilitation service files for timeliness.

**Definition:** Rehabilitation services include a variety of tasks that are required to facilitate the return to suitable, gainful employment. They include counseling and testing to determine the physical capabilities, transferable skills, and interests and aptitudes of injured workers. They also include job seeking skill training, assistance in direct job placement, and in rare instances, coordination of formal retraining to qualify the injured worker for totally new occupations.

The Workers' Compensation Division's vocational rehabilitation unit provides these services directly to people who have been injured, but the insurer or employer is legally contesting that the disability was caused by the employment. Under the law rehabilitation services cannot be provided in these circumstances until the injured worker has requested them.

**Rationale:** The duties of the rehabilitation unit were originally established by the legislature to serve disabled people whose lives were being severely disrupted because they couldn't get help returning to work until final adjudication of their contested workers' compensation claims. Therefore, prompt delivery of these services, considered in context with the next indicator, is the most direct measurement of fulfillment of this statutory responsibility.

**Data Source:** The vocational rehabilitation unit files the mandatory rehabilitation forms required by law to be filed with the Department.

**Factors beyond Agency control:** Active opposition to referral to the Vocational Rehabilitation Unit by plaintiff attorneys could cause minor problems.

**Objective 4.** The quality of rehabilitation services provided by the Vocational Rehabilitation Unit will be in the top 30% of all workers' compensation firms, as measured by percentage of return to appropriate employment, plan cost, percentage of date of injury wage achieved and plan duration.

**Measure:** Direct comparison of all rehabilitation statistics reported to labor and industry.

**Definition:** The quality of services can only be measured by evaluating a complex combination of factors that demonstrate the cost-effectiveness of the effort. These include the percentage of cases that actually produce suitable reemployment; the degree to which the new employment returns the injured worker to his/her pre-injury status; the length of time that it takes to complete the rehabilitation plan; and the cost of the services.

**Rationale:** The primary purpose of this unit is to return disabled people to suitable gainful employment as soon as possible at the lowest possible cost. The factors selected here to define quality are the indicators universally used in the workers' compensation rehabilitation industry to evaluate quality of services. Thus, monitoring of these factors provides not only an empirical measure of quality in relation to the original objective, but also provides a means to directly compare the services provided by this governmental unit to similar services provided by the private sector.

**Data Source:** The vocational rehabilitation unit files and the mandatory rehabilitation forms required by law to be filed with the Department.

**Factors beyond Agency control:** Standardization of data may be a slight challenge, but most of the information is already reported to the Department of Labor and Industry.

**Objective 5.** 95% of improperly uninsured employers reported to enforcement or identified by Division investigation, will be covered by workers' compensation insurance within 30 days of notification.

**Measure:** Number of days to compliance.

**Definition:** M.S. 176.181 and 176.183 require employers to provide workers' compensation coverage for all employees who are not specifically excluded by law. Businesses who have even one part-time employee or more but do not have a policy of insurance or a permit to self-insure are improperly uninsured in violation of the law.

**Rationale:** The primary purpose of the mandatory coverage provision of the law is to protect both businesses and employees from the effects of work-related injuries or illnesses. Therefore, the first objective of the enforcement unit must be to get the coverage in place. The 95% coverage standard acknowledges that some employers will legally contest applicability of the mandatory coverage provisions to their businesses, while still confirming that the unit is meeting its primary responsibility of ensuring coverage protection.

**Data Source:** The internal investigation records of the enforcement unit, the insurance registration files of the Minnesota Workers' Compensation Insurance Association, records of the Department of Jobs and Training, other government agencies, and public informants.

**Factors beyond Agency control:** If all employers were to choose to legally contest every case, it would become impossible to meet the 95% threshold. This unlikely to happen, but possible.

**Objective 6.** By 1997, all eligible uninsured employees paid by the Special Compensation Fund will receive their benefits within 14 days of constructive notice of the injury.

**Measure:** Number of days to payment of formal denial of claim.

**Definition:** "Eligible employees" are employees who have been injured in the course and scope of employment for improperly uninsured businesses. "Benefits" include medical treatment, wage replacement benefits, payment for permanent loss of use of body parts or functions, and rehabilitation services. "Constructive notice" is actual knowledge by the Special Compensation Fund of a potential claim against an uninsured business.

**Rationale:** The Special Compensation Fund is required by law to directly pay and administer workers' compensation claims when the employer was improperly uninsured. Since uninsured employers seldom report claims, the Special Compensation Fund usually does not have knowledge of the potential claim until the employee or some other witness notifies them. The standard established here comes as close as possible to providing uninsured claimants with protection equal to that provided to employees of insured businesses.

**Data Source:** Special Compensation Fund claim files, internal records, and the mandatory forms required to be filed with the compliance section of the Division by all payers.

**Factors beyond Agency control:** None.

**Objective 7.** All eligible second injury and supplementary claims for reimbursement will be paid within 90 days of receipt of claim 97% of the time.

**Measure:** Number of days from acceptance to payment.

**Definition:** Eligible second injury reimbursement claims are workers' compensation claims that have been paid by insurers or self-insurers and the following criteria have been met: the claimant was registered with the Second Injury Fund prior to the injury; proper notice of intent to claim reimbursement was accomplished; and it has been established that disability from the injury was made substantially greater or would not have occurred at all in the absence of the condition previously registered with the Special Compensation Fund.

Eligible supplementary benefit reimbursement claims are claims paid by insurers and self-insurers to permanently disabled claimants whose workers' compensation rate is less than 65% of the statewide average weekly wage and benefits have been paid for four or more years.

**Rationale:** The claims involved are initially paid by insurers and self-insurers out-of-pocket and are then reimbursed from assessments paid by employers. Therefore, it is imperative for reimbursements from the Special Compensation Fund to be made as promptly as possible to minimize the negative impact of tying up this capital that totals up to \$90 million per year. Reimbursements are paid from assessments that are collected every six months. This cash flow, coupled with the administrative procedures required by standard accounting practices, dictate the 90 day standard. The 97% achievement standard recognizes that some claims are technically deficient when received or become involved in litigation after receipt of the reimbursement claim.

**Data Source:** Special Compensation Fund records, mandatory forms required to be submitted to the Workers' Compensation Division, and information reported by insurers and self-insurers.

**Factors beyond Agency control:** Future staff reductions mandated by any new budgetary constraints could affect the ability of the program to meet delivery time lines.

**Objective 8.** To ensure 97% of rehabilitation services are provided in compliance with statutes, rules, and standards of professional conduct in provision of services by 1996.

**Measure:** Percentage of discrepancies confirmed on routine audit and complaints will be less than 3% by 1996.

**Definition:** Relevant statutes and rules are provided in M.S. 176.102 and associated administrative rules 5220.0100 - 5220.1900. Standards of professional conduct are specified by the Commission on Rehabilitation Certification, the Certification of Insurance Rehabilitation Specialists Commission, and the Association of Rehabilitation Nurses.

**Rationale:** Timely provision of quality rehabilitation services is critical to the injured worker's early return to suitable gainful employment. The Workers' Compensation Division is required by law to ensure that all services provided by rehabilitation vendors conform to applicable statute and rules, case law, and professional standards. This is accomplished by continuous monitoring of the conduct of qualified rehabilitation consultants and job placement vendors. The 97% standard acknowledges that, by definition, a small number of violations will already have occurred before the Workers' Compensation Division had any knowledge of a problem. The time line specified recognizes that some cases are involved in litigation and that changing standards of professional conduct are only now stabilizing across all professional organizations.

**Data Source:** Records of the Workers' Compensation Division, including all mandatory documents associated with rehabilitation plans, Department investigations, and information provided by informants outside the Department.

**Factors beyond Agency control:** Future staff reductions mandated by any new budgetary constraints could affect the ability of the program to meet delivery time lines.

**Objective 9.** 99% of all assessments due and owing will be paid correctly and on time.

**Measure:** Percentage of discrepancies identified through routine daily operation and audit.

**Definition:** Assessments are amounts paid to the Special Compensation Fund by employers. The amount is currently 30% of all workers' compensation claim benefits paid except medical and rehabilitation expenses. These assessments are used to pay second injury fund and supplementary reimbursement payments, uninsured claims, and all costs associated with the governmental aspects of the workers' compensation system.

Timely payment of assessments are payments received by March 1 and August 15 of each year for periods ending the previous December 31 and June 30 respectively.

**Rationale:** The Special Compensation Fund has a direct fiduciary responsibility to manage all revenue and expenditures associated with the Workers' Compensation Division. 97% of all revenue received comes from the assessments paid by employers, so it is imperative that strict accounting practices be maintained to ensure that these amounts which exceed \$132 million per year are paid accurately and on time. The 97% standard acknowledges that some companies become delinquent during times of bankruptcy or other financial disruption.

**Data Source:** Assessment records maintained by the Special Compensation Fund, reports filed by insurers and self-insurers, mandatory forms required to be filed with the Workers' Compensation Division, and formal audits conducted by the Special Compensation Fund.

**Factors beyond Agency control:** Severe economic disruption that results in more than 3% bankruptcies of self-insured employers and insurance companies may make it impossible to meet the 97% standard of timely, accurate payment.

**Objective 10.** To resolve with finality 75% of all disputes filed within the department without referral to another court system by 1996.

**Measure:** Number of disputes filed compared to number of disputes referred to OAH.

**Definition:** Disputes include: claim petitions filed to initiate formal litigation regarding any aspects of the workers' compensation claim; requests for assistance to resolve disputes over medical or rehabilitation issues; petitions for reimbursement or contribution; objections to penalties; and disputes related to attorney's fees. The court system referred to in this objective include the Office of Administrative Hearings, Workers' Compensation Court of Appeals, and the Minnesota Supreme Court or other court system.

**Rationale:** The primary purpose of the system is to get appropriate benefits to the injured workers in the fastest time possible and at the lowest possible cost to employers. Wages lost due to an injury are frequently the sole support of the workers, so it is imperative that all disputes be resolved as quickly as possible. Furthermore, appeals to other courts delay resolution and significantly increase the cost to employers for their workers' compensation insurance. The 75% goal acknowledges that some cases are so complex that one or more of the litigants will insist upon exploring all avenues of due process.

**Data Source:** Internal records of the information system Workers' Compensation Division, the records of the Office of Administrative Hearings, and the records of the Workers' Compensation Court of Appeals.

**Factors beyond Agency control:** Any massive changes in the workers' compensation statute may generate a large amount of litigation to establish case law to define what each of the changes mean, thus preventing attainment of the 75% goal.

**Objective 11.** To decrease the number of claim disputes filed with the department by 20% by F.Y. 97.

**Measure:** Number of disputes filed with department.

**Definition:** Disputes include: claim petitions filed to initiate formal litigation regarding any aspects of the workers' compensation claim; requests for assistance to resolve disputes over medical or rehabilitation issues; objections to discontinuances of benefits; petitions to discontinue benefits; petitions for reimbursement or contribution; objections to penalties; and disputes related to attorney's fees.

**Rationale:** It is far more cost effective to avoid disputes than to resolve disputes because both claimants and employers avoid the expense of the attorney's fees and cost of litigation. The workers' compensation division avoids the use of resources such as judges and associated clerical staff, and qualified claimants receive their benefits and begin to make progress to gainful suitable employment more rapidly. The 20% reduction goal recognizes that the division is already successful in diverting a large number of problems which would degenerate into formal disputes. Further reduction will require systematic education of all parties involved to the advantages of dispute avoidance processes.

**Data Sources:** Internal records of the information system Workers' Compensation Division, the records

of the Office of Administrative Hearings, and the records of the Workers' Compensation Court of Appeals.

***Factors beyond Agency control:*** Any massive changes in the workers' compensation statute may generate a large amount of litigation to establish case law to define what each of the changes mean, thus preventing attainment of the 20% reduction goal.

## **Part 2: Program Information**

**Agency: Department of Labor and Industry**  
**Program: General Support -- Investigative Services**

**Program Purpose:** The purpose of this program is to ascertain whether fraudulent and abusive activity occurs in the workers' compensation delivery system. If such activity does exist, aggressive investigation and appropriate legal action will be taken to the fullest extent possible.

**Measure:** Workers' compensation fraud and abuse is perceived as a significant problem in Minnesota. Although no previous data currently exists, the National Council of Compensation Insurance has estimated that for every \$10 paid in insurance claims for workers' compensation, \$1 can be written off as fraud or abuse. The amount of money spent annually by Minnesota employers on workers' compensation insurance is approximately 1.2 billion dollars. This figure includes expenditures for workers' compensation insurance, expenses for the self insured employer and payments made by the special compensation fund for uninsured workers. With the aforementioned estimate of 10% of all claims having an element of fraud, an extrapolation can be made that there may be in excess of 100 million dollars in fraudulent workers' compensation claims. The extent of workers' compensation fraud may be presently unmeasurable, however, insurance industry surveys conducted by the National Insurance Crime Bureau and the National Council of Compensation Insurance indicate that workers' compensation fraud and abuse is at least as significant a problem as all other areas of insurance fraud.

Due to the complexity of the workers' compensation system and the number of parties involved, many cases of potential fraud go undetected.

**Program Purpose:** Since fraud is perceived as a significantly large problem, it is essential to establish an effective education and training system in order to discourage fraud and abusive behavior.

**Measure:** It is of paramount importance to educate the public that fraud is wrong and that suspected cases must be reported. Education and training materials are currently being developed.

**Program Purpose:** It is important to note that this program was not created to help employers and insurers defend worker's compensation claims. Some members of the public and the insurance industry felt the Investigative Services Program would process a complaint once a report was submitted. The Investigative Services Program is not a first responder organization. The Investigative Services Program assists an insurer or a self insured company only after clear and concise documentation of fraudulent activity has been provided. The preliminary investigation of an injury and resulting claim will always be the responsibility of the employer and the insurer.

**Measure:** The Investigative Services Program will process employee claim fraud only if the evidence provided shows the injured employee was injured away from the workplace and reported the injury as if it were a compensable workplace injury. A key element of employee claim fraud is documentation

that the employee was working outside of their physical restrictions while receiving financial compensation. Therefore, this program will restrict its processing of employee claim fraud to such instances where the injured employee is legally collecting workers' compensation benefits and being paid a wage or a salary from another employer.

**Part 3: Operational Objectives, Substantiating the Performance Measure**

**Agency: Department of Labor and Industry**  
**Program: General Support -- Investigative Services**

**Objective 1. Hire and train staff members, acquire knowledge of workers' compensation rules and regulations that fall within the jurisdiction of the department of labor and industry.**

**Measure: The Investigative Services Unit consists of a Director, one Senior Investigator, three Investigators and a Clerical Support person. Hiring completed September 22, 1993.**

**Objective 2. Determine appropriate policies and procedures for this new program, and perform all necessary administrative functions to accomplish a well run and fully operational program.**

**Measure: A program manual is currently being developed and will be available by January 1, 1994.**

**Objective 3. Receive 35 to 40 complaints monthly (beginning February 1993) regarding workers' compensation fraud and abuse. These complaints will be triaged to determine which cases will require follow up investigations.**

**Measure: A monthly log has been developed to track incoming complaints.**

**Objective 4. Develop a triage procedure for new complaints.**

**Measure: A triage procedure will be developed and in place by the end of the First Quarter 1994.**

**Objective 5. Develop a preliminary investigation plan and procedure.**

**Measure: After the initial intake, the investigator will synthesize the raw data, confirm the raw data utilizing computer functions, and determine whether fraud or abusive behavior is indicated. Quantification of cases referred and accepted for investigation will be tabulated.**

**Objective 6. Prepare educational materials stating the department's position on aggressively pursuing the investigation of workers' compensation fraud and abuse.**

**Measure: An informational pamphlet will be completed by the end of the Third Quarter 1994.**

**Objective 7.** Perform pro-active investigations (stings) in such a manner as to ensure the highest probability of successful prosecutions resulting in warrants being issued, cases charged and subsequent convictions.

**Measure:** Five undercover stings will be completed by the end of the Third Quarter 1994.

**Objective 8.** Fraud prevention starts with public attitudes. It needs to be stated loudly that it is not okay to cheat on workers' compensation insurance claims. There is a need by all employers and carriers to limit the opportunities to commit fraud, and to install safeguards that make the fraud easy to commit. Coordinated efforts of public and private sector members is essential in detecting and preventing fraud. Workers' compensation fraud is a white collar or economic crime and with all economic crimes the key to a criminal prosecution is verification and documentation. Proper training of the Investigative Services Unit Investigators and of insurance claims adjusters and the creation of a relational database will assist in this process.

**Measure:** Training is ongoing. Database will be operational by the end of the Second Quarter 1994.

**Objective 9.** Presenting cases for prosecution is more of an art rather than a science. Prosecutors with heavy caseloads will be asked to bring criminal charges against violators. Prosecutors are currently under heavy pressure to prosecute violent crimes such as murder, robbery, rape, aggravated assault, domestic violence and controlled substances. With this in mind, the Investigative Services Unit needs to bring them cases than have been distilled to their essence. Complicated cases will most likely not be charged if the prosecutor feels the case will go to trial. The Investigative Services Unit supervisors recognize this problem and address it by bringing prosecutors only "slam dunk" cases. It is not so important that subject be sentenced to a long jail term as it is that the news of the subjects conviction be publicized in order create a deterrent.

**Measure:** Eight felony cases will be referred to the County Prosecutors by the end of the Second Quarter 1994.

**Objective 10.** It is anticipated that the Investigative Services Unit will receive about 35-40 new complaints a month during the fiscal year 1993-1994, about 10 of these complaints will require a full follow-up investigation. As awareness of the unit increases through the publishing of posters, informational pamphlets, seminars and training sessions, growth in the number of reported complaints is expected. It is projected that the unit will receive approximately 40-45 new cases per month in the fiscal year 1994-1995, 45-50 new cases per month in the fiscal year 1995-1996, and 50-60 new cases per month in the fiscal year 1996-1997. Streamlined processing of these complaints and an experienced staff will allow current unit members to effectively handle this increase in work load until the end of the 1995-1996 fiscal year. Additional staffing may be necessary to handle the work load in 1996-1997 as unit investigators will likely be unable to handle more than 5 new cases per month. Before a case is given to an investigator, a written investigatory plan will be drawn up and given to the investigator.

**Measure:** Investigators will be expected to complete 4 investigations per month. Administrative cases are expected to take 30-45 days to complete. Civil cases are expected to take 60 days to complete. Criminal case will take 60-90 days to complete. Multi-vendor cases will take anywhere from 120-250 days.

***Factors Beyond Agency's Control That Affect Performance:*** Presently Investigators in the Investigative Services Unit have no police authority although they are charged with investigating criminal acts. Limited police powers for the Director and Senior Investigator would allow for the ability to prepare and execute search warrants and for the use of unmarked vehicles for undercover operations.

## Part 2: Program Information

**Agency: Department of Labor and Industry**  
**Program: General Support -- Accounting**

**Program Purpose:** The mission of the Accounting Unit is to provide accounting support services to all agency operations in a professional and timely manner.

### Performance Objectives and Measures:

1. To comply with the Department of Finance goal to maintain 98% compliance with the requirements of M.S. 16A.124 to pay valid obligations to vendors within 30 days following the receipt of the invoice for the completed delivery of the product or service.

**Measure: Percentage of total vendor payments made within 30 days.**

<u>Month</u>		<u>Total Payment Transactions</u>	<u>% Paid In 30 Days</u>
October	1992	2,556	98.40
November		1,760	98.69
December		2,128	99.20
January	1993	1,891	97.46
February		2,358	98.81
March		2,193	99.13
April		2,912	99.18
May		2,736	95.29
June		2,813	98.33
July		2,535	98.74
August		2,160	97.27
September		1,952	99.39

One-year averages of the above statistics are 2,333 payment transactions per month and 98.22% paid within 30 days.

**Part 2: Program Information**

**Agency: Department of Labor and Industry**

**Program: General Support -- Information Management Services Division**

**Program Purpose:** The purposes of IMSD are four fold: 1) to provide data processing support services to all agency operations in a timely and accurate manner, 2) to provide word processing support services and photocopy services to all agency operations in a timely and professional manner, 3) to provide systems development and systems operations support services to all agency operations in a professional manner, and 4) to collect and analyses workplace injury and fatality information.

**Performance Objectives and Measures:**

1. Purposes one through three support the objectives of all other agency programs, and as such have no separate objectives of their own. Purpose 4 has the objective of administering the Bureau of Labor Statistics annual survey of workplace illnesses and injuries, and administering the Census of Fatal Occupational Injuries, both in compliance with the federal contract. The survey provides comparable data between states on workplace illnesses and injuries. The Census provides comprehensive information on all work-related fatalities in Minnesota excluding illnesses.

**Measures:** A sample occupational safety and health survey (ROSH) of 9,000 employers will be collected and refined to provide at least 85% useable data for each calendar year.

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Rosh Survey	8,600	8,641	4,800	8,600

100% of all Minnesota work-related fatalities from injuries will be recorded and summarized for each calendar year.

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Fatality Census		89	103	

**Agency: Department of Labor and Industry**

**Part 4: Agency--Improving Programs and Reporting Process**

**Process Used:** Each Division was assigned to attend the MAD training sessions on performance reporting. All Department Assistants, Managers and Supervisors were signed up and attended the full-day session. The training was held on three separate days.

Each Division (Workers' Compensation, Workplace Services and General Support) was required to review the 1993 Governor's Biennial Budget recommendations and extrapolate performance measures for its respective programs.

The performance report drafts were reviewed by the Commissioner, Deputy Commissioner and Assistant to the Commissioner for form and content. A draft report was submitted to the Department of Finance on October 15. Because of major remodeling taking place in the building, a number of the units were unable to retrieve data for Parts 2 and 3 of the report in time to be submitted on October 15. Since then, the information has been retrieved and submitted in this final draft.

**Ways to Improve Outcomes:** Labor and Industry will begin an internal review process involving Department employees to more finely hone the performance indicators reported. In addition, outside clients will be utilized in reviewing our performance indicators, especially the various advisory councils active in our two line divisions. Improved program outcomes will be included in the 1994 report.