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2016-17 Biennial Budget – Labor and Industry

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Minnesota Department of Labor and Industry

AT A GLANCE

Each year, DLI:
- Administers wage and safety laws affecting Minnesota’s 2.8 million employees and 163,000 employers;
- Oversees workers’ compensation claims and benefit payments for approximately 75,000 injuries and 60 workplace fatalities annually;
- Conducts almost 160,000 inspections each year;
- Issues 128,000 licenses and registrations annually; and
- Monitors more than 8,000 registered apprenticeships.

PURPOSE

The mission of the Department of Labor and Industry (DLI) is to ensure that Minnesota’s work and living environments are healthy, safe and equitable. Our agency provides and enforces reasonable and uniform standards for Minnesota buildings and construction professionals. We also ensure workers’ compensation benefits are provided to injured workers quickly and efficiently and at a reasonable cost to employers. In addition, we ensure workers receive appropriate wages and work to promote work-based career development through registered apprenticeships. Our agency also monitors combative sporting events in Minnesota so they are operated safely and fairly.

Through these activities, DLI contributes to the following statewide outcomes:

- People in Minnesota are safe;
- Strong and stable families and communities; and
- A thriving economy that encourages business growth and employment opportunities.

BUDGET

DLI spends 49% of the agency receipts on providing benefits to injured workers.

Source: SWIFT

The Workers’ Compensation Division is funded through an appropriation from the workers’ compensation fund. The revenues are collected through an insurer premium surcharge and self-insured assessment. Workers’ compensation benefits are paid on behalf of employees of uninsured and bankrupt self-insured employers. Reimbursements to insurers and self-insured employers under the supplemental benefits and second injury programs make up the bulk if benefit payments.

Source: Consolidated Fund Statement

DLI’s revenues are mostly comprised of special revenues such as the workers’ compensation assessment, construction code inspection and licensure fees, permits and other such revenues.

Source: Consolidated Fund Statement
The Workplace Safety Program is funded with federal grants and state matching funds. The Occupational Safety and Health Administration Compliance activity (OSHA) receives a 50% federal funding level. There is a 90% federal funding level for our Consultation activity. Matching funds are provided through an appropriation from the workers’ compensation fund.

The Construction Codes and Licensing Division is funded through a special revenue fund and operates on a fee-for-service model. Fees are collected from the industry stakeholders and deposited in the Construction Code Fund established in the state treasury.

The Labor Standards activity is financed by an appropriation from the general fund. The activity also collects back-wages owed to employees by employers. These funds are given to the employees and DLI does not retain these funds.

The Apprenticeship activity is funded from an appropriation from the workforce development fund.

The General Support Division is financed by an appropriation from the workers’ compensation fund and indirect cost revenue recovered from the agency’s other programs.

**STRATEGIES**

To accomplish its mission, we use the following strategies:

- **Dispute resolution.** Provide prompt and fair resolution of workers’ compensation disputes.
- **Workplace safety.** Focus OSHA inspection and consultation resources where data indicate the greatest potential for improving workplace safety and health.
- **Education.** Educate employers and workers so they understand their rights and responsibilities under Minnesota labor standards, workers’ compensation and OSHA laws.
- **Continuous improvement.** Improve efficiency and customer service by increasing the use of electronic processing of permits, licenses, and other filings.
- **Workforce development.** Work with Minnesota colleges and others to develop apprenticeship opportunities.

The Department of Labor and Industry’s legal authority comes from Minnesota Statutes, chapters 175 – 178, 181 – 182, 184, 184B, 326B, 327 and 327B.
Program Narrative

Program: Workers’ Compensation

www.dli.mn.gov/workcomp.asp

AT A GLANCE

In FY14, we:
- Resolved more than 5,000 disputes involving insurers, employers, employees, and vocational rehabilitation and health care providers;
- Conducted almost 750 mandatory coverage investigations;
- Proactively contacted 5,700 new businesses to educate them about workers’ compensation laws;
- Maintained more than 1.9 million workers’ compensation files; and
- Provided vocational rehabilitation and placement services to almost 300 injured workers.

PURPOSE & CONTEXT

Workers’ Compensation ensures proper benefits and services are delivered to injured workers quickly, efficiently and at a reasonable cost to employers. The division educates employers and employees about Minnesota’s workers’ compensation laws and enforces those laws. We also administer the Special Compensation Fund, which provides benefits to injured workers whose employers failed to carry workers’ compensation insurance. The division provides alternative dispute resolution for workers’ compensation disputes. The goal is to resolve disputes quickly and cost-effectively.

SERVICES PROVIDED

The Workers’ Compensation Division provides services in four primary areas:
1. Compliance, Records and Training;
2. Alternative Dispute Resolution;
3. Special Compensation Fund; and
4. Vocational Rehabilitation.

The Division:
- Educates employees and employers about their rights and responsibilities under workers’ compensation laws
- Provides mediation, ombudsman assistance and other dispute resolution services
- Provides workers’ compensation benefits to injured workers whose employers did not carry workers’ compensation insurance
- Collects and maintains records pertaining to all workers’ compensation injuries occurring in Minnesota
- Provides rehabilitation services to injured workers

RESULTS

<table>
<thead>
<tr>
<th>Type of measure</th>
<th>Description of measure</th>
<th>Previous</th>
<th>Current</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>Workers’ compensation benefits paid by division</td>
<td>$69.8M</td>
<td>$56.3M</td>
<td>FY 2010 &amp; FY 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Electronically submitted first reports of injury and other mandatory filings.</td>
<td>8,753</td>
<td>22,733</td>
<td>FY 2010 &amp; FY 2014</td>
</tr>
<tr>
<td>Result</td>
<td>Percentage of mediated sessions that resulted in dispute resolution</td>
<td>77%</td>
<td>82%</td>
<td>FY 2010 &amp; FY 2014</td>
</tr>
<tr>
<td>Result</td>
<td>Workers’ compensation administrative expense per $100 of payroll</td>
<td>$.026</td>
<td>$.023</td>
<td>FY 2009 &amp; FY 2013</td>
</tr>
</tbody>
</table>

The dates above show the change over the most recent five year period available.

The legal authority for the Workers’ Compensation Division comes from Minnesota Statutes, chapter 176.
Program: Workplace Safety

http://www.dli.mn.gov/MnOsha.asp

AT A GLANCE

Each year on average, Minnesota’s Occupational Safety and Health Administration (MN OSHA):
- Conducts almost 3,000 compliance inspections;
- Assists employers through 1,400 consultation visits;
- Responds to 650 employee complaints;
- Investigates 20 workplace fatalities;
- Provides safety grants to 200 employer safety projects;
- Presents safety and health outreach to 3,100 participants;
- Works with 100 voluntary partnerships and alliances with employers; and
- Affects the safety and health of 2.6 million workers at 168,000 Minnesota worksites.

PURPOSE & CONTEXT

The goal of MNOSHA is that every employee returns home safe and healthy at the end of each working day. MNOSHA believes workplaces must share a commitment to workplace safety by employers, employees and their authorized representatives. MNOSHA focuses on regulation through its compliance unit and assistance through its consultation unit to industries with the highest injury and illness rates. MNOSHA is a state plan, one of 27 states authorized by Congress to administer an occupational safety and health program “at least as effective as” the federal OSHA program.

SERVICES PROVIDED

MNOSHA keeps Minnesota employees and workplaces safe by:

- Conducting planned compliance inspections focused on high-hazard industries;
- Investigating workplace fatalities, serious injuries and catastrophic events;
- Responding to complaints by employees about unsafe conditions at their workplace;
- Reviewing employee’s protected rights after alleged improper termination or other adverse action;
- Providing training and outreach to employee, employer and citizen groups about safety and health topics;
- Making consultation visits to employers who request assistance about how to make their workplaces safer;
- Working cooperatively with employers through voluntary prevention programs and partnerships; and
- Issuing safety grants to help employers boost their safety and health programs.

RESULTS

| Fatal occupational injuries per 100,000 full-time equivalent workers 2012 |
|-----------------------------|-------|-------|
|                             | State | 2012  | 2011  | 2010  |
| Minnesota                   | 2.6   | 2.3   | 2.8   |
| Wisconsin                   | 4.0   | 3.3   | 3.4   |
| Iowa                        | 6.6   | 6.3   | 5.2   |
| South Dakota                | 6.7   | 6.7   | 8.8   |
| North Dakota                | 17.7  | 12.4  | 8.5   |

This is important because it shows that fewer employees are dying from work-related injuries than in neighboring states. It demonstrates the success of MNOSHA’s program.

The following chart shows the change in injury and illness rates over a ten-year period. The chart graphically shows the decline. This data demonstrates that employee injury and illness rates are dropping, and demonstrate evidence of the success of MNOSHA’s efforts.
Note: DART Cases are Days Away from Work or Job Restriction or Transfer.

Injury and Illness Case Incidence Rates, Minnesota, 2002-2012

Minnesota Statutes 182 (https://www.revisor.mn.gov/statutes/?id=182) provides the legal authority for MNOSHA programs. As a state plan, MNOSHA primarily enforces 29 CFR 1908, 1910 and 1926, and Minnesota Rules 5205 through 5208, 5210 and 5215.
AT A GLANCE
Each year, CCLD:
• Issues 128,000 personal and business licenses;
• Administers 9,000 license exams;
• Completes 3,000 building plan reviews;
• Issues 120,000 construction permits; and
• Performs 157,000 inspections.

PURPOSE & CONTEXT
The Construction Codes and Licensing Division (CCLD) works to protect the health, safety and welfare of the public by providing reasonable, uniform and balanced standards for Minnesota’s buildings and construction professionals. This provides for the safety of the people of Minnesota and fosters a competitive construction economy that encourages business growth and employment opportunity.

SERVICES PROVIDED
CCLD performs the following services to protect the health, safety and welfare of the public:

• Code adoption and administration: Assures building safety through a comprehensive and effective process of code adoption and uniform statewide code administration.
• Licensing: Assesses the qualifications of construction professionals and protect consumers and workers through contractor licensing.
• Plan review: Reviews construction plans for state-owned and state-licensed facilities, plumbing installations and manufactured structures in a timely manner to ensure safe, code complying buildings that results in a value for the owner.
• Construction permitting: Expedites safe building construction through the efficient processing of permits.
• Inspection services: Provides for the competent inspection of all building construction work under the authority of the state and regularly ensure the safe and operational integrity of elevators and boilers.
• Enforcement: Provides fair and balanced enforcement to achieve compliance with licensure and code requirements.
• Outreach and education: Fosters and promotes safe, accessible and energy efficient building design and construction through outreach and education to construction professionals and the public.

RESULTS
Construction plans for state-owned and state-licensed facilities are reviewed in a timely manner. This is a quantity measure.

Plan Review Results

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plumbing plans - % reviewed within 30 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building plans - % reviewed within 30 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Permits and occupational license renewals are available for online processing for customer convenience and speedier processing.

**Permits Issued Online**

- **Electrical**
  - FY2012: 34%
  - FY2013: 60%
  - FY2014: 74%

- **High Pressure Piping**
  - FY2012: 31%
  - FY2013: 68%
  - FY2014: 74%

**Business and Personal Licenses Renewed Online**

- **Online license renewals**
  - FY2012
  - FY2013
  - FY2014

**Inspections performed**

- **FY2012**
  - Total Inspections: 151,525
- **FY2013**
  - Total Inspections: 162,647
- **FY2014**
  - Total Inspections: 157,489

Minneapolis Statutes, chapter 326B provides the legal authority for all programs within the Construction Codes and Licensing Division.
In FY 2014, we:
- Supported approximately 420 agency employees located statewide;
- Administered $143 million annual budget;
- Facilitated nearly 6.5 million Web hits;
- Monitored approximately 50 combative sports events;
- Facilitated digital transactions.

PURPOSE & CONTEXT

The General Support Division provides leadership and support to agency programs so they can be successful. Activities are customized to meet the unique needs of each activity while assuring adherence to statewide and agency standards for performance, management, and documentation of decisions made. Critical goals are to:

- Develop and adhere to operating policies and services that meet or exceed statewide standards and policies;
- Create and offer utility services within the agency to meet particular programs goals as efficiently as possible while adhering to accepted audit standards;
- Manage agency resources in an as transparent a manner as possible to assure stakeholders our stewardship of their investments is sound; and
- Create opportunities for electronic government transactions to assure existing resources can meet the needs to Minnesota's citizens.

This division serves agency programs that focus on the needs of workers, builders, building owners, and employers in Minnesota.

SERVICES PROVIDED

The General Support Division strives to provide effective and efficient services and offer solutions to support agency programs. This is accomplished by each unit as follows:

- Research and Statistics: collects, analyzes and reports workplace safety, workers’ compensation and workplace standards data to inform decision-makers and the public.
- Office of the General Counsel: provides legal advice to the department and advocates for the agency in enforcement and other administrative proceedings.
- Financial Services: protects and ensures accountability for the financial resources entrusted to the department.
- Human Resources: recruits, assesses employee development needs and assists in retaining needed skill sets. Also provides services which promote a healthy, productive and respectful work environment and promotes diversity goals in all EEOC Job Groups for people with a disability.
- Communications: updates stakeholders and promotes the work of and services provided by the department.
- Office of Combative Sports: ensures combative events are conducted to minimize injuries and ensures fair competition.
- DLI maintains its information technology services through a service level agreement with MN.IT.

These infrastructure services provide agency support which enable programs to focus on their mission and achieve agency goals.
### Results

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<thead>
<tr>
<th>Type of Measure</th>
<th>Name of Measure</th>
<th>Previous</th>
<th>Current</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>Percentage of accounts payable paid promptly.</td>
<td>98.56%</td>
<td>99.04%</td>
<td>FY 2013 &amp; FY 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Percentage of position descriptions that are current and performance appraisals that were timely completed.</td>
<td>97.5%</td>
<td>97.9%</td>
<td>FY 2013 &amp; FY 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Percentage of contests monitored for combatants’ safety.</td>
<td>100%</td>
<td>100%</td>
<td>FY 2013 &amp; FY 2014</td>
</tr>
<tr>
<td>Quantity</td>
<td>Percentage of all DLI employees who have participated in continuous improvement training.</td>
<td>14%</td>
<td>21%</td>
<td>FY 2013 &amp; FY 2014</td>
</tr>
</tbody>
</table>

Minnesota Statutes, chapters 176, 16A, 43A and 341 provide authority for this program’s activities.
Minnesota Department of Labor and Industry

Program Narrative

Program:  Labor Standards and Apprenticeship

http://www.dli.mn.gov/LaborLaw.asp
http://www.dli.mn.gov/Appr.asp

AT A GLANCE

In 2013, the Labor Standards unit:
- Recovered $448K in final wages for 1,070 workers.
- Completed 351 wage and hour investigations and collected $357,000 in back wages for 1,078 workers.
- Completed 212 prevailing wage investigations and collected $280,000 in back wages for 243 workers.

In 2013, the Apprenticeship unit:
- Registered 3,500 new apprentices including 735 minorities and 210 females.
- Assisted 309 registered apprenticeship program sponsors
- Conducted 39 program reviews and 105 technical assistance visits to sponsors.

PURPOSE & CONTEXT

DLI’s Labor Standards unit protects Minnesota’s economy by ensuring workers are paid correctly and workplace rights and responsibilities are enforced. We conduct outreach and investigations to ensure compliance with Minnesota’s Fair Labor Standards laws, including minimum wage, prevailing wage, pregnancy and parental leave, and child labor.

DLI’s Apprenticeship unit supports Minnesota’s economy as it fosters and promotes work-based career development through registered apprenticeship programs that provide structured training to develop a skilled workforce.

SERVICES PROVIDED

The Labor Standards unit:
- Protects workers by providing outreach education and enforcement of minimum wage, overtime, wage payment, and prevailing wage laws;
- Focuses on child labor initiatives to protect children;
- Provides outreach and education about the 2014 minimum wage increase;
- Conducts outreach, education and enforcement of the new Women’s Economic Security Act including protections for pregnancy accommodation, pregnancy and parenting leave, sick and safe leave, nursing mothers, and wage disclosure protection
- Conducts annual prevailing wage surveys to establish wage rates for workers on publicly funded construction projects.

The Apprenticeship unit:
- Provides outreach and education to community organizations, employers and about apprenticeship;
- Develops introductions to construction careers programs for youth including the Construct Tomorrow and UnderConstruction programs;
- Approves new apprenticeship programs and expands programs in healthcare, manufacturing and other industries.
- Develops personalized outreach and diversity recruiting plans for each apprenticeship program to increase female and minority participation

RESULTS

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Name of Measure</th>
<th>Previous</th>
<th>Current</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>Minnesotans directly served by the labor standards unit</td>
<td>80,631</td>
<td>73,183</td>
<td>CY 2012 and CY 2013</td>
</tr>
<tr>
<td>Quantity</td>
<td>Dollar value of wages recovered</td>
<td>$1,548,679</td>
<td>$870,544</td>
<td>FY 2013 and FY 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Minors educated about their rights in the workplace (new initiative in FY’14)</td>
<td>0</td>
<td>1,946</td>
<td>FY 2013 and FY 2014</td>
</tr>
<tr>
<td>Results</td>
<td>Number of First Reports of Injury to minors filed with DLI’s Workers’ Compensation Division</td>
<td>136</td>
<td>48</td>
<td>FY 2013 and FY 2014</td>
</tr>
</tbody>
</table>
### Apprenticeship

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Name of Measure</th>
<th>Previous</th>
<th>Current</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>Number of registered apprentices</td>
<td>6,882</td>
<td>7,875</td>
<td>FY 2013 and FY 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Percentage of apprentices that are female</td>
<td>6%</td>
<td>7%</td>
<td>June 2013 and June 2014</td>
</tr>
<tr>
<td>Quality</td>
<td>Percentage of new apprentices that are minorities</td>
<td>18%</td>
<td>21%</td>
<td>FY 2013 and FY 2014</td>
</tr>
</tbody>
</table>

M.S. 177.21-.35, Minnesota Fair Labor Standards Act  
M.S. 177.41-.44, Prevailing Wage Act  
M.S. 181.01 – 171, Payment of Wages  
M.S. 181.940 - .944, Parenting Leave, WESA  
M.S. 181A, Child Labor Standards Act