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2014-15 Governors Budget - Administrative Hearings

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**Mission:**

The Office of Administrative Hearings (OAH) strives to provide a fair, efficient, professional and high-quality set of hearing services in administrative proceedings.

**Statewide Outcome(s):**

Administrative Hearings, Office of supports the following statewide outcome(s).

Efficient and accountable government services.

**Context:**

The OAH is an independent tribunal within the executive branch. The OAH conducts hearings when state or local law provides the right to challenge a government action through an administrative hearing. OAH services are an important part of the state's guarantee of "due process of law."

For example, the judges of the OAH conduct hearings in cases involving:

- discipline of professionals licensed by the state;
- rulemaking by state agencies;
- regulation of Minnesota utilities;
- claims of campaign practice violations;
- special education disputes; and,
- claims to workers' compensation benefits.

OAH offers a wide-range of dispute-resolution services, namely:

- providing persons that are adversely affected by certain government actions with a full and fair opportunity to challenge those actions;
- ensuring that agency rules and rulemaking proceedings conform to the law and allow the widest- possible public participation in the formulation of agency rules;
- acting on petitions for orders for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property;
- assisting parties to resolve their differences through settlement, arbitration, and mediation; and
- providing injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits.

The **Administrative Law Division** meets the administrative hearing needs of most state agencies and a number of local governments. The subject matter of "contested case" proceedings varies widely among the 120 agencies that present disputes for resolution. Accordingly, the division deploys a highly-experienced team of generalist judges to locations across the state to conduct hearings and resolve disputes. The division is funded by a special revenue revolving fund, and does receive a biennial appropriation from the general fund to the general account of the state elections campaign fund.

The **Municipal Boundary Adjustment Unit** administers the uniform system of municipal boundary adjustments required by M.S. Chapter 414. An Assistant Chief Administrative Law Judge issues orders on petitions for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property. The unit is funded through an annual appropriation from the general fund.

The **Workers Compensation Division** conducts pre-trial and trial functions associated with petitions for workers' compensation benefits. Those functions include ruling on motions, conducting settlement and pre-trial conferences, conducting trials, and issuing awards and final decisions. The division is funded from the Special Compensation Fund through a biennial appropriation.

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**Strategies:**

To clearly and correctly resolve disputes in the fewest number of days and to provide quality services to resolve cases within timelines set in statute; to increase the number of agencies and local units of governments that utilize the OAH's services; to improve in the quality and clarity of written decisions; and to improve access to information on municipal boundary adjustments.

**Results:**

| Performance Measures  | Previous | Current | Trend     |
|---|----------|---------|-----------|
| Days for Administrative Law Judge to issue written opinion after closure of record (within 90 days) | 27       | 22      | Improving |
| Days for a Compensation Judge to issue order on a request to discontinue benefits (within 5 days)   | 6        | 2.5     | Improving |
| Days for Compensation Judge to issue order on medical or rehabilitation requests (within 30 days)   | 19       | 12.5    | Improving |
| Days for Compensation Judge to issue final decisions after record closes (within 60 days)           | 38       | 39      | Stable    |

## Performance Measures Notes:

1. The previous measures reflect performance in Fiscal Year 2011, and the current measures reflect performance in Fiscal Year 2012.
2. Other OAH performance goals include:
  - a. To increase the number of local units of governments using our services.
  - b. To reduce the amount of time that judge-reviewers spend on peer review tasks.
  - c. To expand the range of case-related data accessible to the public.
  - d. To expand the outreach to citizens of Minnesota as it relates to municipal boundary adjustments.

**Administrative Hearings, Office of  
Current, Base and Governor's Recommended Expenditures**

(Dollars in Thousands, Biennial Totals)

|   | <b>General Funds</b> | <b>Other State Funds</b> | <b>Federal Funds</b> | <b>All Funds</b> |
|---|----------------------|--------------------------|----------------------|------------------|
| Current Biennium Expenditures (FY 2012-13)              | \$638                | \$18,486                 |                      | \$19,124         |
| Current Law Expenditures (FY 2014-15)                   | \$638                | \$18,366                 |                      | \$19,004         |
| Governor's Recommended Expenditures (FY2014-15)         | \$674                | \$18,491                 |                      | \$19,165         |
| \$ Change from FY 2014-15 Current Law to Governor's Rec | \$36                 | \$125                    |                      | \$161            |
| % Change from FY 2014-15 Current Law to Governor's Rec  | 6%                   | 1%                       |                      | 1%               |

**Administrative Hearings, Office of  
Sources and Uses**

(Dollars in Thousands)

|                         | Biennium FY14-FY15 |                   |               | Total Funds     |
|-------------------------|--------------------|-------------------|---------------|-----------------|
|                         | General Funds      | Other State Funds | Federal Funds |                 |
| BALANCE FORWARD IN      |                    | \$367             |               | \$367           |
| REVENUE                 |                    | \$3,837           |               | \$3,837         |
| TRANSFERS IN            |                    | \$125             |               | \$125           |
| APPROPRIATION           | \$674              | \$14,500          |               | \$15,174        |
| <b>SOURCES OF FUNDS</b> | <b>\$674</b>       | <b>\$18,829</b>   |               | <b>\$19,503</b> |
| BALANCE FORWARD OUT     |                    | \$337             |               | \$337           |
| EXPENDITURES            | \$674              | \$18,491          |               | \$19,165        |
| PAYROLL EXPENSE         | \$332              | \$14,979          |               | \$15,311        |
| OPERATING EXPENSES      | \$342              | \$3,512           |               | \$3,855         |
| <b>USES OF FUNDS</b>    | <b>\$674</b>       | <b>\$18,828</b>   |               | <b>\$19,502</b> |

# Administrative Hearings, Office of

## Governor's Changes

(Dollars in Thousands)

|  | FY 14 | FY 15 | FY 14-15<br>Biennium | FY 16 | FY 17 | FY 16-17<br>Biennium |
|--|-------|-------|----------------------|-------|-------|----------------------|
|--|-------|-------|----------------------|-------|-------|----------------------|

### Change Request: Data Practices

The Governor recommends increased funding to the Office of Administrative Hearings (OAH) for FY 2013 costs related to hearing data practices cases because the filing fees for these cases were not sufficient to cover the costs of hearing the cases.

*Performance Measures:*

The OAH and key stakeholders continue to work on developing a long-term solution that addresses a sufficient funding source for the hearing costs related to data practices cases.

|              |                   |           |          |           |          |          |          |
|--------------|-------------------|-----------|----------|-----------|----------|----------|----------|
| General Fund | Expenditure       | 36        | 0        | 36        | 0        | 0        | 0        |
|              | <b>Net Change</b> | <b>36</b> | <b>0</b> | <b>36</b> | <b>0</b> | <b>0</b> | <b>0</b> |

### Sanitary District Formation

The Governor recommends transferring from the Pollution Control Agency (MPCA) to the Office of Administrative Hearings (OAH) the authority and funding to establish sanitary districts

*Performance Measures:*

Transferring this authority to the Office of Administrative Hearings (OAH) will standardize and simplify the process for local governments as OAH is responsible for administering the state's uniform system for city boundary adjustments.

|             |                   |          |          |          |          |          |          |
|-------------|-------------------|----------|----------|----------|----------|----------|----------|
| Other Funds | Expenditure       | 75       | 50       | 125      | 50       | 50       | 100      |
| Other Funds | Transfers In      | 75       | 50       | 125      | 50       | 50       | 100      |
|             | <b>Net Change</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

|                         |                   |           |          |           |          |          |          |
|-------------------------|-------------------|-----------|----------|-----------|----------|----------|----------|
| Net All Change<br>Items | General Fund      | 36        | 0        | 36        | 0        | 0        | 0        |
|                         | Other Funds       | 0         | 0        | 0         | 0        | 0        | 0        |
|                         | <b>Net Change</b> | <b>36</b> | <b>0</b> | <b>36</b> | <b>0</b> | <b>0</b> | <b>0</b> |

**Administrative Hearings, Office of  
All Funds FTE by Program**

|   | Current        | Forecast Base  | Governor's<br>Recommendation |
|---|----------------|----------------|------------------------------|
| <b>Program</b>                            | <b>FY 2013</b> | <b>FY 2015</b> | <b>FY 2015</b>               |
| Program: Administrative Hearings          | 67.9           | 66.2           | 66.2                         |
| <b>Administrative Hearings, Office of</b> | 67.9           | 66.2           | 66.2                         |

**Administrative Hearings, Office of**  
**Revenue Summary**  
(Dollars in Thousands)

|               |                       | Biennium FY14-15 |                   |               |              |
|---------------|-----------------------|------------------|-------------------|---------------|--------------|
|               |                       | General Fund     | Other State Funds | Federal Funds | All Funds    |
| Non Dedicated | DEPARTMENTAL EARNINGS | 28               |                   |               | 28           |
|               | Subtotal              | 28               |                   |               | 28           |
| Dedicated     | DEPARTMENTAL EARNINGS |                  | 3,837             |               | 3,837        |
|               | Subtotal              |                  | 3,837             |               | 3,837        |
| <b>Total</b>  |                       | <b>28</b>        | <b>3,837</b>      |               | <b>3,865</b> |