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**Office of Administrative Hearings**

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[mn.gov/oah](http://mn.gov/oah)

### AT A GLANCE

- 1,442 new cases filed; 270 hearings held in cases involving challenges to government actions in FY17-18.
- 19,812 new cases filed and 881 hearings held in workers compensation cases in FY17-18.
- Utilized interpreter services in 72 different languages to assure public access in hearing processes.
- Conducted 112 administrative rulemaking cases for 30 state agencies in FY17-18.
- In FY17-18, issued orders on petitions resulting in 223 municipal boundary adjustments affecting 8,111 acres in 62 counties.
- With 32 judges and 41 administrative staff in FY17-18, ensured that individual rights were protected and due process provided in all proceedings.

### PURPOSE

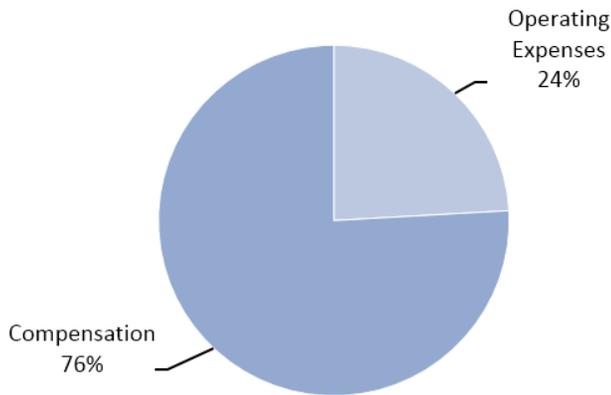
The Office of Administrative Hearings (OAH) administers justice as an independent judicial tribunal within the executive branch. We provide fair and impartial hearings for individuals and residents challenging actions taken by state and local government agencies, and for injured workers and employers in contested workers' compensation matters. OAH also reviews all rulemaking proceedings initiated by state agencies to ensure statutory compliance, and conducts municipal boundary adjustment proceedings throughout the state. All of the agency's work serves to guarantee the public's access to and participation in their governments' processes.

Because OAH provides due process hearings for Minnesotans challenging state agency actions, OAH serves a vital role in contributing to the following statewide outcomes:

- **Economy – A thriving economy that encourages business growth and employment opportunities**
  - Licensing hearings (DHS, Commerce, medical boards); veteran's preferences cases; public employee discharges.
- **Education – Minnesotans have the education and skills needed to achieve their goals**
  - Special education hearings related to services provided by school districts; PELSB licensing matters.
- **Health – All Minnesotans have optimal health**
  - Hearings involving nursing home inspections; restaurant and catering administrative penalties.
- **Community – Strong and stable families and communities**
  - Child care and adult foster care maltreatment cases; campaign practices cases; boundary adjustment matters.
- **Safety – People in Minnesota are safe**
  - Hearings involving community notification ratings for sexual predators being released from confinement.
- **Environment – A clean, healthy environment with sustainable uses of natural resources**
  - Hearings involving utility rates and routes as well as environmental permits or civil citations.
- **Accountability – Efficient and accountable government services**
  - All hearings involve claims that government has overstepped its legal authority by misapplying the facts and/or the law. The neutral and impartial judges at OAH serve as a valuable check on the exercise of government power.

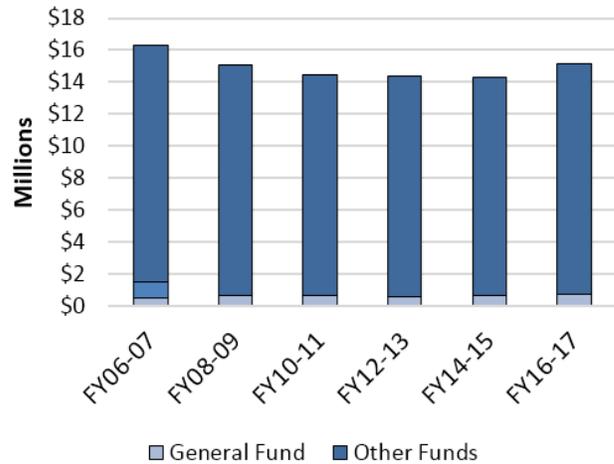
## BUDGET

**Spending by Category  
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

**Historical Spending**



Source: Consolidated Fund Statement

The agency's funding comes from three sources: (1) over 75 percent of the annual funding comes from the Workers Compensation Special Fund; (2) the agency receives small general fund appropriations (less than \$500,000) to support its work in municipal boundary adjustments, campaign practices challenges, and expedited data practices matters; and (3) operating as an enterprise fund, the agency raises the remaining \$3 million by charging other agencies for its services.

## STRATEGIES

As directed by M.S. 176 and associated rules, the Workers' Compensation Division conducts pretrial and trial functions associated with petitions for workers' compensation benefits. Workers' Compensation Judges rule on motions, conduct settlement and pretrial conferences, preside at trials, and issue awards and final decisions. The judicial staff of the division consistently provides well-reasoned, fair and neutral decisions in a timely manner in service to injured workers and employers throughout the state.

Under the authority of M.S. 14 and related rules, the Administrative Law Division provides contested case hearings in matters involving the public's challenges to state agency actions. The subject matter of these proceedings varies widely among the 170-plus state and local agencies which bring cases before OAH. The division is staffed with a highly-experienced team of Administrative Law Judges who preside over contested case hearings and provide mediations and other conflict resolution services throughout the state. The Administrative Law Judges also review all state agency rule submissions for necessity and reasonableness, hear claims of unfair campaign practices in non-statewide elections, and enforce government accountability in accordance with the Minnesota Government Data Practices Act when challenges are filed by members of the public. In all matters, the division's judges serve as fair and impartial decision-makers and produce legally accurate, easily understandable, and timely written decisions.

Pursuant to M.S. 414, the Municipal Boundary Adjustment Unit, acting through administrative law judges, issues orders on petitions for the creation or dissolution of municipalities, alteration of municipal boundaries through consolidation, annexation, or detachment of real property, and the establishment of sanitary districts. Matters are commenced by involved municipal governments and/or affected property owners. As a means of ensuring government accountability and public access, the Unit maintains a searchable electronic database of all docketed information including maps of real property included in boundary adjustment proceedings.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average days for workers' compensation judges to issue final decision after record close.	38	39.6	FY15/ FY16, FY17/ FY18
Quantity	Average days for administrative law judges to issue written opinion after record close.	19.8	19.8	FY15/ FY16, FY17/ FY18
Quantity	Percent of workers' compensation mediations resulting in settlement, thus avoiding hearing.	60%	65%	FY15/ FY16, FY17/ FY18
Quantity	Percent of administrative law mediations resulting in settlement, thus avoiding hearing.	73%	75%	FY15/ FY16, FY17/ FY18
Quantity	Percent of hearings held outside metro area and percent held by video (ITV).	24% + 6%	18% + 5%	FY15/ FY16, FY17/ FY18
Result	Percent of turnover in staff positions.	13.8%	12.8%	FY15/ FY16, FY17/ FY18
Result	Percent of recent hires representing increased diversity (gender, race and/or ethnicity, disability status, other protected class) of staff.	73%	93%	FY15-FY16, FY17-FY18

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The primary legal authority for the Office of Administrative Hearings:

M.S. 14 Administrative Procedure (<https://www.revisor.mn.gov/statutes/?id=14>)

M.S. 115 Water Pollution Control; Sanitary Districts (<https://www.revisor.mn.gov/statutes/?id=115>)

M.S. 176 Workers' Compensation (<https://www.revisor.mn.gov/statutes/?id=176>)

M.S. 414 Municipal Boundary Adjustments (<https://www.revisor.mn.gov/statutes/?id=414>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<b><u>Expenditures by Fund</u></b>								
1000 - General	268	498	332	465	400	400	400	400
2800 - Environmental	1	62	30	70	50	50	50	50
2830 - Workers Compensation	6,820	7,523	7,219	8,370	7,822	7,822	7,831	7,831
5201 - Administrative Hearings	2,683	2,557	2,727	3,040	2,943	2,943	2,943	2,943
5202 - Workers Comp Transcript	3	9	6	9	5	5	5	5
<b>Total</b>	<b>9,775</b>	<b>10,649</b>	<b>10,314</b>	<b>11,954</b>	<b>11,220</b>	<b>11,220</b>	<b>11,229</b>	<b>11,229</b>
Biennial Change				1,844		172		190
Biennial % Change				9		1		1
Governor's Change from Base								18
Governor's % Change from Base								0

**Expenditures by Program**

Administrative Hearings	9,775	10,649	10,314	11,954	11,220	11,220	11,229	11,229
<b>Total</b>	<b>9,775</b>	<b>10,649</b>	<b>10,314</b>	<b>11,954</b>	<b>11,220</b>	<b>11,220</b>	<b>11,229</b>	<b>11,229</b>

**Expenditures by Category**

Compensation	7,942	8,083	8,088	9,122	9,219	9,219	9,228	9,228
Operating Expenses	1,808	2,567	2,226	2,832	2,001	2,001	2,001	2,001
Other Financial Transaction	25							
<b>Total</b>	<b>9,775</b>	<b>10,649</b>	<b>10,314</b>	<b>11,954</b>	<b>11,220</b>	<b>11,220</b>	<b>11,229</b>	<b>11,229</b>

**Full-Time Equivalent**

	<b>67.47</b>	<b>68.31</b>	<b>63.88</b>	<b>59.34</b>	<b>59.34</b>	<b>59.34</b>	<b>59.34</b>	<b>59.34</b>
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<b>1000 - General</b>								
Balance Forward In		112		65				
Direct Appropriation	380	417	397	400	400	400	400	400
Cancellations		31						
Balance Forward Out	112		65					
<b>Expenditures</b>	<b>268</b>	<b>498</b>	<b>332</b>	<b>465</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Biennial Change in Expenditures				31		3		3
Biennial % Change in Expenditures				4		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.97	2.48	1.93	1.50	1.50	1.50	1.50	1.50

**2800 - Environmental**

Balance Forward In		49		20				
Transfers In	50	50	50	50	50	50	50	50
Cancellations		37						
Balance Forward Out	49		20					
<b>Expenditures</b>	<b>1</b>	<b>62</b>	<b>30</b>	<b>70</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
Biennial Change in Expenditures				37		0		0
Biennial % Change in Expenditures				59		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.10	0.23	0.30	0.30	0.30	0.30	0.30

**2830 - Workers Compensation**

Balance Forward In		430		566				
Direct Appropriation	7,250	7,250	7,787	7,804	7,822	7,822	7,831	7,831
Transfers Out			2					
Cancellations		157						
Balance Forward Out	430		566					
<b>Expenditures</b>	<b>6,820</b>	<b>7,523</b>	<b>7,219</b>	<b>8,370</b>	<b>7,822</b>	<b>7,822</b>	<b>7,831</b>	<b>7,831</b>
Biennial Change in Expenditures				1,246		55		73
Biennial % Change in Expenditures				9		0		0
Governor's Change from Base								18

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	48.48	49.40	45.13	41.00	41.00	41.00	41.00	41.00

**5201 - Administrative Hearings**

Balance Forward In	1,015	443	752	812	558	490	558	490
Receipts	2,078	2,864	2,786	2,786	2,875	2,875	2,875	2,875
Transfers In		162						
Transfers Out		162						
Balance Forward Out	410	750	812	558	490	422	490	422
<b>Expenditures</b>	<b>2,683</b>	<b>2,557</b>	<b>2,727</b>	<b>3,040</b>	<b>2,943</b>	<b>2,943</b>	<b>2,943</b>	<b>2,943</b>
Biennial Change in Expenditures				526		119		119
Biennial % Change in Expenditures				10		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.02	16.28	16.54	16.54	16.54	16.54	16.54	16.54

**5202 - Workers Comp Transcript**

Balance Forward In	48	51	49	46	42	42	42	42
Receipts	5	7	3	5	5	5	5	5
Balance Forward Out	51	49	46	42	42	42	42	42
<b>Expenditures</b>	<b>3</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Biennial Change in Expenditures				3		(5)		(5)
Biennial % Change in Expenditures				28		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.05	0.05					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2019 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
<b>Total Governor's Recommendations</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>800</b>
<b>Fund: 2830 - Workers Compensation</b>				
FY2019 Appropriations	7,804	7,804	7,804	15,608
<b>Base Adjustments</b>				
Pension Allocation		18	18	36
Forecast Base	7,804	7,822	7,822	15,644
<b>Change Items</b>				
Salary Parity for OAH Assistant Chief Admin. Law Judge and Admin. Law Judge Supervisors		9	9	18
<b>Total Governor's Recommendations</b>	<b>7,804</b>	<b>7,831</b>	<b>7,831</b>	<b>15,662</b>
<b>Dedicated</b>				
<b>Fund: 5201 - Administrative Hearings</b>				
Planned Spending	3,040	2,943	2,943	5,886
Forecast Base	3,040	2,943	2,943	5,886
<b>Total Governor's Recommendations</b>	<b>3,040</b>	<b>2,943</b>	<b>2,943</b>	<b>5,886</b>
<b>Fund: 5202 - Workers Comp Transcript</b>				
Planned Spending	9	5	5	10
Forecast Base	9	5	5	10
<b>Total Governor's Recommendations</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>10</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 5201 - Administrative Hearings</b>				
Forecast Revenues	2,786	2,875	2,875	5,750
<b>Total Governor's Recommendations</b>	<b>2,786</b>	<b>2,875</b>	<b>2,875</b>	<b>5,750</b>
<b>Fund: 5202 - Workers Comp Transcript</b>				
Forecast Revenues	5	5	5	10
<b>Total Governor's Recommendations</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>10</b>
<b>Non-Dedicated</b>				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<b>Fund: 1000 - General</b>				
Forecast Revenues	43	43	43	86
Total Governor's Recommendations	43	43	43	86
<b>Fund: 2830 - Workers Compensation</b>				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6

# Office of Administrative Hearings

## FY 2020-21 Biennial Budget Change Item

### Change Item Title: Salary Parity for OAH Assistant Chief Administrative Law Judge and Administrative Law Judge Supervisors

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	9	9	9	9
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9	9	9	9
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Recommendation:

The Governor recommends \$9,000 in FY 2020 and each year thereafter from the Workers’ Compensation Fund for the Office of Administrative Hearings (OAH) to fund a correction to OAH salaries, which are set in statute. This recommendation increases the salary of the OAH assistant chief administrative law judge and also the OAH supervisory judges so that their salary will be higher than that of the judges that they supervise, correcting a mathematical error made in the 2017 legislative session when salaries were adjusted.

This recommendation is equal to a 0.1% increase to the OAH Workers’ Compensation Fund base budget for the FY 2020-2021 biennium.

#### Rationale/Background:

OAH made a mathematical error when it submitted its FY18-19 biennial budget change item for salary parity for OAH judges. The salary of the assistant chief administrative law judge and administrative law judge supervisors was proposed at 93.60 percent of the salary of a chief district court judge. When calculated, this resulted in a total for judge supervisors that was less than the judges they supervise.

#### Proposal:

OAH seeks to correct this error by increasing the salaries of the assistant chief administrative law judge and administrative law judge supervisors from 93.60 percent of the salary of a chief district court judge to 100 percent of the salary of a district court judge. This will ensure that a judge supervisor is paid more than a judge supervisee and less than the chief judge, which will conform the salary structure to every other court in the state.

#### Statutory Change(s):

MS 15A.083, subd. 6a, as follows:

##### Subd. 6a. Administrative law judge; salaries.

The salary of the chief administrative law judge is 98.52 percent of the salary of a chief district court judge. The salaries of the assistant chief administrative law judge and administrative law judge supervisors are ~~93.60~~ 100 percent of the salary of a ~~chief district court judge~~. The salary of an administrative law judge employed by the Office of Administrative Hearings is 98.52 percent of the salary of a district court judge as set under section 15A.082, subdivision 3.

# Office of Administrative Hearings

## Administrative Hearings - Fund 5201

### Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	2,765	2,787	2,875	2,875
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	2,765	2,787	2,875	2,875
Gross Margin	2,765	2,787	2,875	2,875
Operating Expenses:				
Purchased Services	403	523	354	354
Salaries and Fringe Benefits	2,806	2,476	2,543	2,543
Claims				
Depreciation				
Amortization				
Supplies and Materials	25	25	25	25
Indirect Costs	23	23	23	23
Other Expenses				
Total Operating Expenses	3,257	3,047	2,945	2,945
Operating Income (Loss)	(492)	(260)	(70)	(70)
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(492)	(260)	(70)	(70)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(492)	(260)	(70)	(70)
Net Assets, Beginning as Reported	(1,927)	(2,419)	(2,679)	(2,749)
Net Assets, Ending	(2,012)		(2,749)	(2,819)
Rate increase/(decrease)				
Full Time Equivalents (FTE)	16.5	16.5	16.5	16.5

# Office of Administrative Hearings

## Administrative Hearings - Fund 5201

### Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	654	458
Investments		
Accounts Receivable	330	335
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	984	793
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	984	793
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	137	137
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	18	18
Total Current Liabilities	155	155
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	198	198
Other Liabilities		
Total Noncurrent Liabilities	198	198
Total Liabilities	353	353
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	984	793
Total Net Assets	984	793

# Office of Administrative Hearings

## Administrative Hearings - Fund 5201

### Brief Narrative

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**Background:**

Administrative Hearings Fund 5201 is both an enterprise and internal service fund. It provides fair and impartial contested case hearings for individuals challenging actions taken by state and local governments.

**Detail of any loans from the general fund, including dollar amounts:**

None.

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

The Office of Administrative Hearings plans to make technology improvements in the future to better support e-filing and add e-service.

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

None.

**Explain any reasons for rate changes:**

By law (*see* Minn. Stat. sec. 16A.126, subd. 1 (2016)), OAH's enterprise fund rates are approved annually by MMB. The agency's rates were approved as of July 1, 2018, and are in effect for the current fiscal year.

**Impact of rate changes on affected agencies:**

# Office of Administrative Hearings

Workers' Compensation Transcript - Fund 5202

## Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	3	5	5	5
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	3	5	5	5
Gross Margin	3	5	5	5
Operating Expenses:				
Purchased Services	3	8	4	4
Salaries and Fringe Benefits	8			
Claims				
Depreciation				
Amortization				
Supplies and Materials				
Indirect Costs				
Other Expenses				
Total Operating Expenses	11	8	4	4
Operating Income (Loss)	(8)	(3)	1	1
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(8)	(3)	1	1
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(8)	(3)	1	1
Net Assets, Beginning as Reported	49	42	39	40
Net Assets, Ending	41	39	40	41
Rate increase/(decrease)				
Full Time Equivalents (FTE)	0.05	0.0	0.0	0.0

# Office of Administrative Hearings

## Workers' Compensation Transcript - Fund 5202

### Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	46	42
Investments		
Accounts Receivable		
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	46	42
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	46	42
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable		
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable		
Total Current Liabilities	0	0
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable		
Other Liabilities		
Total Noncurrent Liabilities	0	0
Total Liabilities	0	0
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	46	42
Total Net Assets	46	42

## Office of Administrative Hearings

### Workers' Compensation Transcript - Fund 5202

#### Brief Narrative

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**Background:**

The Workers' Compensation Transcript revenues are dedicated to the purposes of maintaining record of hearings conducted and preparation of transcript of those hearings for appeals to the Workers' Compensation Court of Appeals. Additional revenue is generated through filing fees.

**Detail of any loans from the general fund, including dollar amounts:**

None.

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

none.

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

None.

**Explain any reasons for rate changes:**

No rate change.

**Impact of rate changes on affected agencies:**

N/A