

1 Department of Labor and Industry

2

3 Adopted Permanent Rules Relating to Workers' Compensation;

4 Safety Account Grant and Loan Program

5

6 Rules as Adopted

7 5203.0010 SCOPE AND AUTHORITY.

8 Parts 5203.0010 to 5203.0070 implement the safety account  
9 grant and loan program created and described by Minnesota  
10 Statutes, section 79.253, by establishing the criteria and  
11 procedural conditions under which the commissioner may award  
12 grants or loans from funds generated by fines levied against  
13 insurers pursuant to Minnesota Statutes, chapter 176, for costs  
14 of implementing safety recommendations.

15 5203.0020 DEFINITIONS.

16 Subpart 1. **Scope.** For the purposes of parts 5203.0010 to  
17 5203.0070, the following terms have the meanings given them.

18 Subp. 2. **Account.** "Account" means the safety account  
19 established in Minnesota Statutes, section 79.253.

20 Subp. 3. **Commissioner.** "Commissioner" means the  
21 commissioner of the Department of Labor and Industry.

22 Subp. 4. **Eligible applicant.** "Eligible applicant" means  
23 an employer who is insured by an insurer subject to penalties  
24 under Minnesota Statutes, chapter 176, who has been the subject  
25 of an on-site safety survey conducted by Minnesota OSHA under  
26 Minnesota Statutes, section 79.253, chapter 182, or another  
27 similar authority, that results in specifically recommended  
28 safety practices and equipment designed to reduce the risk of  
29 injury to employees.

30 Subp. 5. **Eligible costs.** "Eligible costs" means all or  
31 part of the cost of purchasing and installing recommended safety  
32 equipment, the cost of operating or maintaining equipment, or  
33 the cost of purchasing or renting real property, if necessary to  
34 meet criteria established by the on-site safety inspection.  
35 Regardless of the amount of eligible costs, no grant or loan

1 shall be awarded for an amount that exceeds the maximum  
2 established by the notice under part 5203.0030, subpart 1.

3 Subp. 6. **Eligible projects.** "Eligible projects" means  
4 projects that are designed to reduce the risk of injury to  
5 employees pursuant to recommendations resulting from on-site  
6 safety inspections of employers.

7 Subp. 7. **Employee.** "Employee" has the meaning given in  
8 Minnesota Statutes, section 176.011, subdivisions 9 and 9a.

9 Subp. 8. **Employer.** "Employer" has the meaning given in  
10 Minnesota Statutes, section 176.011, subdivision 10.

11 Subp. 9. **Person.** "Person" means an individual,  
12 partnership, association, public or private organization, or  
13 other legal entity, the state, or an agency, department, or  
14 political subdivision of the state.

15 Subp. 10. **Program.** "Program" means the safety account  
16 grant and loan program.

17 5203.0030 APPLICATION PROCEDURES.

18 Subpart 1. **Notification by commissioner.** To initiate the  
19 process for awarding program grants and loans, the commissioner  
20 shall publish a notice in the State Register advising eligible  
21 applicants of the availability of safety grants and loans. The  
22 notice shall describe the maximum amount of funding available  
23 for a project and establish a deadline by which proposals must  
24 be submitted. In the notice, the commissioner may also limit  
25 the types of projects for which a grant or loan would be awarded  
26 in the funding round initiated by the notice.

27 Subp. 2. **Proposals.** Following the publication of a notice  
28 in the State Register, eligible applicants who seek assistance  
29 must submit proposals to the commissioner. Proposals must be  
30 received by the commissioner by the deadline established in the  
31 notice.

32 A. Proposals for grants under part 5203.0060 shall  
33 contain the information in part 5203.0060, subpart 2.

34 B. Proposals for loans under part 5203.0070 shall  
35 contain the information in part 5203.0070, subpart 2.

1           Subp. 3. **Determination of eligibility and completeness.**

2 For all proposals received by the commissioner by the deadline  
3 established in the notice, the commissioner shall determine the  
4 eligibility of the applicant, the proposed project, the costs  
5 identified in the proposal, and the completeness of the proposal.

6           Subp. 4. **Notice of determination of eligibility and**

7 **completeness.** The commissioner shall notify the applicant of  
8 the commissioner's determination of eligibility and completeness  
9 of the proposal. If the commissioner determines that the  
10 applicant or the project is ineligible, the commissioner shall  
11 reject the proposal and notify the applicant. If the  
12 commissioner determines that any of the project costs are  
13 ineligible or that the proposal is incomplete, the commissioner  
14 shall notify the applicant of the ineligible portion of the  
15 costs or of the deficiency. The applicant has 14 days after  
16 receiving the notice to correct any inadequacies. Extensions  
17 shall be granted if requested in a timely manner and good cause  
18 exists for the extension. If the inadequacies are not corrected  
19 within the time allowed, the proposal shall be rejected.

20           Subp. 5. **Evaluation of proposal.** The commissioner shall

21 evaluate each proposal that is determined to be eligible and  
22 complete.

23           A. Proposals for grants under part 5203.0060 shall be  
24 evaluated using the criteria in part 5203.0060, subparts 3 and 4.

25           B. Proposals for loans under part 5203.0070 shall be  
26 evaluated using the criteria in part 5203.0070, subparts 3 and 4.

27           Subp. 6. **Award of grant or loan.** The commissioner shall

28 award a grant or loan for those projects that the commissioner  
29 determines best satisfy the criteria applicable to the program  
30 under which the applicant is requesting financial assistance.

31 The commissioner shall notify those applicants that do not  
32 receive grant or loan awards. An applicant that does not  
33 receive an award may resubmit a proposal upon future notice by  
34 the commissioner under subpart 1.

35           Subp. 7. **No grant or loan awards.** If the commissioner

36 determines that no proposal will sufficiently advance the safety

1 account's safety goals, the commissioner may decide not to award  
2 any grant or loan. The commissioner may then reinstate the  
3 process for awarding grants and loans by publishing a notice  
4 under subpart 1.

5 Subp. 8. Safety surveys; consideration. In the  
6 commissioner's evaluation of the proposal, the commissioner  
7 shall consider recommendations provided by on-site surveys of  
8 employers.

9 5203.0040 LIMITATIONS.

10 Subpart 1. Reduced grant or loan awards. The commissioner  
11 shall ask an applicant to document the impacts of reduced  
12 financial assistance before awarding funds less than the  
13 eligible amount requested by the applicant or less than the  
14 maximum award established in the notice under part 5203.0030,  
15 subpart 1. Reduced funds shall be awarded if the commissioner  
16 determines that:

17 A. program resources are insufficient to provide full  
18 assistance to all applicants to which the commissioner intends  
19 to award grants or loans; or

20 B. the reduced grant or loan could still achieve  
21 safety objectives.

22 Subp. 2. Limitations on disbursement of funds. No grant or  
23 loan funds shall be disbursed until the recipient has executed a  
24 written grant or loan agreement with the commissioner.

25 5203.0050 GRANT OR LOAN AGREEMENTS.

26 A grant or loan agreement shall:

27 A. incorporate by reference the proposal submitted to  
28 the commissioner;

29 B. provide that any cost overruns incurred in the  
30 development and implementation of the proposed project shall be  
31 the sole responsibility of the recipient;

32 C. require that the recipient provide periodic  
33 written reports to the commissioner on the implementation and  
34 results of the project;

35 D. identify the interest rate and repayment

1 obligations for the loan recipient;

2 E. authorize the commissioner to rescind the grant  
3 and require the grant recipient to repay the grant in full if  
4 the commissioner determines that, due to the bad faith of the  
5 grant receipt, a project has not been developed and implemented  
6 according to the terms and conditions of the grant agreement;

7 F. authorize the commissioner to determine that the  
8 loan recipient is in default and require the loan recipient to  
9 immediately repay the loan in full if the commissioner  
10 determines that, due to the bad faith of the loan recipient, a  
11 project has not been developed and implemented according to the  
12 terms and conditions of the loan agreement;

13 G. authorize the commissioner to cease making further  
14 disbursements to the grant or loan recipient and to recover the  
15 unspent funds if the commissioner determines that, for reasons  
16 other than bad faith, a project has not been developed and  
17 implemented according to the terms and conditions of the grant  
18 or loan agreement and amendment of the agreement is not  
19 justified;

20 H. require that the recipient perform and complete  
21 project activities according to the work plan in the proposal  
22 submitted to the commissioner and incorporated into the grant or  
23 loan agreement;

24 I. require that all information developed as a result  
25 of a grant or loan shall be made public;

26 J. require that the recipient maintain detailed  
27 records of all expenditures related to the project; and

28 K. establish other conditions or terms needed to  
29 management or implement the grant or loan agreement.

30 5203.0060 SAFETY ACCOUNT GRANT PROGRAM.

31 Subpart 1. **Scope.** This part establishes the conditions  
32 under which the commissioner shall award grants for costs of  
33 implementing safety recommendations made to eligible applicants.

34 Subp. 2. **Proposal.** An eligible applicant shall submit a  
35 proposal in the form specified by the commissioner. The

1 commissioner may request additional information from the  
2 applicant if it is necessary to clarify the proposal. A  
3 proposal must include the following information:

4           A. the names, qualifications, and addresses of the  
5 applicant and other project participants;

6           B. a description of the proposed project, including:

7                 (1) a work plan that includes a list of project  
8 activities, an implementation schedule with specific timelines,  
9 and persons involved in completing each activity;

10                (2) the location of the proposed project;

11                (3) the current status of the proposed project;

12 and

13                (4) a description or identification of employees  
14 that the proposed project will benefit in terms of reducing risk  
15 of injury;

16           C. a financial report, including:

17                 (1) an itemized description of the proposed  
18 project costs, including the total estimated cost, the total  
19 grant eligible costs, the amount of grant funding requested, and  
20 a discussion of the economic feasibility of implementing the  
21 proposed project;

22                 (2) an itemized description of the proposed  
23 project financing, including the applicant contributions, other  
24 government contributions, private contributions, and, where  
25 applicable, any projected revenues from the proposed project;  
26 and

27                 (3) a business plan that demonstrates ongoing  
28 financial commitment over the life of the proposed project,  
29 including financial commitment over the projected life of  
30 equipment funded by the grant;

31           D. information demonstrating, where applicable, the  
32 technical feasibility of the proposed project, including  
33 preliminary design and engineering plans for capital  
34 expenditures; and

35           E. information demonstrating that the project will  
36 comply with applicable regulations, including a list of permits

1 required for the project.

2 Subp. 3. **Evaluation of proposals.** The commissioner shall  
3 evaluate each proposal that is determined to be eligible and  
4 complete, and shall award grants to those projects that, in the  
5 commissioner's view, best satisfy the following criteria:

6 A. the proposed project is technically and  
7 economically feasible and is consistent with the recommendations  
8 resulting from the on-site safety survey of the employer;

9 B. the applicant has the experience and knowledge to  
10 complete the proposed project and is committed to implementing  
11 the proposed project in a timely manner upon receipt of a grant  
12 award;

13 C. the proposed project is consistent with the  
14 objective of reducing risk of injury to employees;

15 D. the proposed project has the necessary financial  
16 commitment to cover all proposed project costs;

17 E. the applicant has demonstrated that the proposed  
18 project has the support of all public entities that are involved  
19 in the proposed project; and

20 F. the proposed project complies with federal, state,  
21 and local regulations.

22 Subp. 4. **Proposal preference.** Proposals shall be  
23 evaluated in order of need and desirability on the basis of the  
24 following factors and in the descending order as listed:

25 A. a project that impacts a site of employment which  
26 provides goods producing, manufacturing, or processing jobs for  
27 a significant proportion of the workers in the area;

28 B. a project for operating a site where jobs have  
29 been lost or are in jeopardy because of problems relating to  
30 safety shortcomings addressed by the proposal; and

31 C. other projects that meet the criteria specified  
32 elsewhere.

33 5203.0070 SAFETY ACCOUNT LOAN PROGRAM.

34 Subpart 1. **Scope.** This part establishes the conditions  
35 under which the commissioner shall award program loans for costs

1 of implementing safety recommendations made to eligible  
2 applicants.

3       Subp. 2. **Proposal.** An eligible applicant shall submit a  
4 proposal in the form specified by the commissioner. The  
5 commissioner may request additional information from the  
6 applicant if it is necessary to clarify the proposal. A  
7 proposal must include the information required by part  
8 5203.0060, subpart 2, and:

9           A. a credit history of the applicant; and

10          B. financial statements for the last three years.

11       Subp. 3. **Evaluation of proposals.** The commissioner shall  
12 evaluate each proposal that is determined to be eligible and  
13 complete and shall award loans to those projects that, in the  
14 commissioner's view, best satisfy the criteria in part  
15 5203.0060, subpart 3, items A to D and F.

16       Subp. 4. **Proposal preference.** Proposals shall be  
17 evaluated in order of need and desirability according to part  
18 5203.0060, subpart 4.