



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
Michigan Occupational Safety & Health Administration
(MIOSHA)

STANLEY "SKIP" PRUSS
DIRECTOR

December 30, 2008

Senator Jason Allen, Chair
Senate Commerce and Tourism Committee

Representative Fred Miller, Chair
House Labor Committee

Senator Mark Jansen, Chair
Senate Appropriations Subcommittee on
Economic Development

Representative Richard Hammel, Chair
House Appropriations Subcommittee on
Economic Development

Dear Members of the Legislature:

The enclosed report is submitted as required by Section 55(7) of the Michigan Occupational Safety and Health Act (MIOSHA), Act 154 of the Public Acts of 1974, as amended.

The report covers information on the amount of the Safety Education and Training (SET) assessment, the percentage of the assessment compared to workers' disability compensation losses, an explanation of all expenditures, the balance remaining in the SET fund, and a projection of assessment needs.

The report also provides a brief summary of MIOSHA Education and Training activities. Continued participation in these activities by Michigan employers and employees and their positive evaluations are testimony to the high quality services provided by this program. These activities underscore the state's commitment to safer and more healthful workplaces in Michigan.

Sincerely,

Douglas J. Kalinowski
Director

DJK:sk
Enclosure

cc: Governor Jennifer M. Granholm
Stanley "Skip" Pruss
Susan Corbin
Tom Martin

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**REPORT ON THE STATUS OF
THE SAFETY EDUCATION AND TRAINING ASSESSMENT**

as required by

1974 PA 154 SECTION 55(7) AS AMENDED BY 1991 PA 105

FISCAL YEAR ENDING SEPTEMBER 30, 2008

**REPORT ON THE STATUS OF
THE SAFETY EDUCATION AND TRAINING ASSESSMENT**

FISCAL YEAR 2008

This report is submitted as required by Section 55(7) of the Michigan Occupational Safety and Health Act (MIOSHA), Act 154 of the Public Acts of 1974, as amended. Section 55(7) of the Act provides:

"To enable full and complete legislative review of the assessment process, the department of labor, not later than September 30 of each year, shall submit to the regulatory subcommittees of the house and senate appropriations committees and the house and senate committees that consider labor matters a written report on the status of the safety education and training assessment required by this section. The report shall include, but is not limited to, information on the amount of assessment, the percentage of assessment as compared to losses, an explanation of all expenditures from the safety education and training fund, and the balance of money in the safety education and training fund."

1. AMOUNT OF ASSESSMENT

During FY2008 (October 1, 2007 through September 30, 2008), the amount of the Safety Education and Training (SET) assessment was \$8,964,926. This amount was 0.94 percent of the total workers' disability compensation losses, excluding medical payments paid in 2007 by employers under the Workers Disability Compensation Act of 1969, Act No. 317 of Public Acts of 1969, as amended, being sections 418.101 to 418.941 of the Michigan Compiled Laws. As shown in Table 1, for the fiscal year period ending on September 30, 2008, a total of \$9,054,923 of the SET assessment has been collected as of November 24, 2008, from the \$8,964,926 assessment for the fiscal year. As explained under Item 2 of this report, for FY2009, a total assessment of \$7,123,000 is projected.

The total SET Fund available revenue for FY2008, was \$13,202,396. The total available revenue includes the beginning fund balance of \$4,053,939, and \$9,148,457 in revenues, which includes the net collection from the SET assessment, interest, and other miscellaneous (Table 4). Pursuant to Section 36(3), no civil penalties have been credited to the SET Fund since April 1, 1992.

2. PERCENTAGE OF ASSESSMENT COMPARED TO LOSSES

In 2008, the total workers' disability compensation losses, excluding medical payments, were \$949,674,345. The SET assessment compared to these losses was 0.98 percent or \$8,964,926 of which \$9,054,932 has been collected as of November 24, 2008, as shown in Table 2. This amounts to 100.5% of the SET appropriation for FY2008.

Assuming that the workers' disability compensation losses in 2008 will be about the same as 2007, the assessment for FY2009 as a percentage of losses is estimated to be 0.75 percent. The SET fund balance as of October 1, 2008 is \$5,252,822. The SET Fund balance is explained under Item 4 of this report.

The total estimated SET Fund expenditure for FY2009 is \$9,323,023, as shown in Table 5. On the basis of estimated monthly expenditures, the balance in the SET Fund is expected to be less than \$1,500,000 during the second quarter of FY2009. This condition will trigger the requirement under Section 55(4) of Act 154 of 1974, as amended; namely that "the assessment shall equal the total fiscal year appropriation of safety education and training funds" if the fund balance falls below \$1,500,000 at any time during the fiscal year in which the assessment is made. An assessment at 100% of the SET Fund appropriation would be greater than 0.75 percent of losses, assuming that the 2008 losses are about the same as in 2007. The assessment would then total the maximum (0.75%) allowed under Act 154 of 1974, as amended.

3. EXPLANATION OF SET FUND EXPENDITURES

During FY2008, SET restricted fund expenditures totaled \$7,949,574. Major expenditures of the SET restricted fund for FY2008 included \$7,036,378 for MIOSHA consultation, education and training programs and sub grants. Further details are provided in Table 3.

4. SET FUND BALANCE

As of September 30, 2007, the SET Fund balance was \$4,053,939. As of October 1, 2008, the FY2008 SET Fund revenue total was \$9,148,457. This fiscal year revenue added to the beginning balance provided available revenue of \$13,202,396 for FY2008.

Taking away FY2008 SET Fund expenditures of \$7,949,574 leaves a SET Fund balance of \$5,252,822 at the beginning of FY2009. Details are shown in Table 4.

This balance will not be sufficient to cover the projected SET Fund expenditure of \$9,323,023 during FY2009 as shown in Table 5. The implication of this insufficient balance on the SET assessment rate is explained under Item 2 of this report.

5. CONSULTATION EDUCATION AND TRAINING (CET) ACTIVITY SUMMARY

The following is a summary of the MIOSHA Consultation, Education & Training (CET) Division activities during FY2008, as shown in Table 6.

Take a Stand Day

The fourth annual “Take a Stand Day” (one-on-one consultation with no citations and no penalties) was held on August 17, 2008 and generated 219 requests.

MIOSHA Training Institute (MTI) at Macomb Community College

The mission of the MTI is to provide access to consistent, credible, and interactive learning that improves and promotes workplace safety and health for public and private entities that utilizes experiences, new technologies, and best practices that will lead to certification programs and degrees. In FY2008, CET developed and piloted Level Two programs which include in-depth information on the administration and management of workplace safety and health systems and technical training on MIOSHA standards. To date, 2,000 students representing 700 companies have taken MTI courses. A total of 68 individuals have achieved Level One certification.

Expos and Conferences

In FY2008, MIOSHA participated in 18 expositions/conferences in conjunction with associations and safety organizations.

CET Initiatives

During FY 2008, CET promoted five initiatives related to significant changes in MIOSHA standards or emerging safety and health issues:

- Tree Care Industry
- Extreme Safety for the Younger Worker
- Fall Protection
- Asbestos Awareness Training
- Excavation and Trenching

Michigan Safety and Health Achievement Recognition Program (MSHARP)

The MSHARP provides support to smaller, high-hazard employers to develop, implement and continuously improve the effectiveness of their workplace safety and health programs. During FY2008, MIOSHA added three new employers to the MSHARP Program. Three previous MSHARPs were recertified in FY2008 for a total of 16 companies.

Michigan Voluntary Protection Program (MVPP)

The Michigan Voluntary Protection Program (MVPP) assists employers and employees by providing a mechanism and a set of criteria designed to evaluate and recognize exemplary safety and health management systems. There are a total of 27 MVPP sites, including seven added in FY2008.

Partnerships/Alliances

Partnerships are voluntary, cooperative relationships between MIOSHA and individual employer, employees, and/or their representatives or a group of employers, employees and/or their representatives who come together to achieve a significant and measurable reduction in workplace deaths, injuries, and illnesses. In FY2008, there were two new alliances and two new partnerships signed. At the end of FY2008, there were 16 alliances and eight partnerships.

CET Grant Program

The CET Grant program strives to protect Michigan's working men and women by providing workplace safety and health training and services for employers and employees not receiving services through the traditional CET programs. In FY2008, the Department of Labor and Economic Growth (DLEG) awarded twenty CET grants. Most of the grants focused on performance goals identified in the MIOSHA strategic plan, with a particular emphasis on hazard recognition and prevention for high-hazard manufacturing industries.

CET Awards

The CET Division recognizes Michigan companies that have successfully established comprehensive safety and health programs. The companies recognized are awarded plaques at ceremonies attended by DLEG and MIOSHA officials. The CET Division presented a total of seven CET awards in FY2008.

PROGRAM EFFECTIVENESS – FY2008

Program performance measures and outcomes defining CET activities are listed in Table 6. In addition, other CET Division performance measures include customer service and safety and health management system evaluations as follows:

- Achieve 90% of customer satisfaction of CET services - Of the 966 CET seminar trainees who submitted evaluations in FY2008, 955 (98.9%) indicated they were either very satisfied or satisfied.
- Request for Consultation Assistance (RCA) - a total of 819 requests were received (9% decrease over FY 2007).
- Respond to RCAs within 24 business hours - CET consultants responded to 756 requests (92.3%) within 24 business hours.
- Implement 90% of all CET requests for assistance within 30 calendar days - CET consultants were able to schedule the 802 customer requests within 30 days of receipt (97.9%).
- Fifty-percent of employers in general industry who are targeted or receive a MIOSHA intervention have either a written and implemented safety and health management system or have improved their existing system - of the 240 safety and health evaluations conducted, 37% of employers had a written and implemented safety and health management system in place. Of the 71 re-evaluations conducted in FY2008, 68 (96%) showed an increase of three or more sub-elements.

The following tables provide information on SET Fund assessment status for prior years, appropriations, expenditures, and projected assessment level. The tables also include information on MIOSHA CET Division activities for the last fiscal year.

TABLE 1

**AMOUNT OF ASSESSMENT COLLECTED
SAFETY EDUCATION AND TRAINING FUND
FY1999 TO FY2008 WITH FY2009 ESTIMATES**

FY	BEGINNING BALANCE	ASSESSMENT COLLECTED	WORK COMP. LOSSES	ASSESS. AS % OF WORK COMP. LOSSES
FY1999	\$3,465,864	\$5,008,591	\$979,849,490	.51
FY2000	\$3,553,845	\$5,289,412	\$943,919,350	.56
FY2001	\$3,001,100	\$6,442,007	\$976,706,290	.65
FY2002	\$3,451,028	\$6,867,423	\$972,695,599	.70
FY2003	\$3,839,451	\$7,235,978	\$965,835,899	.74
FY2004	\$4,860,928	\$6,873,480	\$919,749,542	.74
FY2005	\$5,286,873	\$6,958,627	\$929,475,590	.74
FY2006	\$5,198,563	\$6,643,568	\$914,738,044	.72
FY2007	\$3,738,231	\$8,974,244	\$909,889,549	.98
FY2008	\$4,053,939	\$9,054,923	\$949,674,345	.94
FY2009 EST	*\$5,252,822	**\$7,123,000	***\$950,000,000	.75

*This amount is based on DLEG Financial Services Division data as of 11/24/2008.

**Calculated at 100% of FY2009 appropriations, not to exceed .75% of 2007-08 Workers Compensation losses.

***Assumes a similar amount of Workers Compensation losses as in FY2008. This amount was obtained from Funds Administration.

TABLE 2

**MOUNT OF ASSESSMENT COMPARED TO APPROPRIATION
SAFETY EDUCATION AND TRAINING FUND
FY1999 TO FY2008 WITH FY2009 ESTIMATES**

FY	PRIOR FY BALANCE AS OF 9/30	SET FUND APPROPRIATION	SET ASSESSED /COLLECTED	% OF APPROP. ASSESSED	% OF LOSSES ASSESS ED
FY1999	\$3,465,864	\$5,227,600	\$5,008,591	95.8	0.51
FY2000	\$3,553,845	\$5,660,800	\$5,289,412	93.4	0.56
FY2001	\$3,001,100	\$6,485,900	\$6,442,007	99.3	0.65
FY2002	\$3,451,028	\$7,068,600	\$6,867,423	97.2	0.70
FY2003	\$3,839,451	\$7,585,800	\$7,235,988	95.4	0.74
FY2004	\$4,860,928	\$7,676,300	\$6,873,480	89.5	0.74
FY2005	\$5,286,873	\$7,951,400	\$6,958,627	87.5	0.74
FY2006	\$5,198,563	\$8,371,800	\$6,643,568	79.4	0.72
FY2007	\$3,738,231	\$8,916,100	\$8,974,244	100.7	0.98
FY2008	\$4,053,939	\$9,010,200	\$9,054,923	100.5	0.94
FY2009 EST	\$5,252,822	\$9,323,023	*\$7,123,000	76.4	0.75

* This estimate is based on DLEG Financial Services Division data as of 11/24/08.

TABLE 3

**SAFETY EDUCATION AND TRAINING
RESTRICTED FUND EXPENDITURES**

FISCAL YEAR 2008*

1. Executive Director Programs	\$48,500.83
2. SOAHR	\$49,520.04
3. Administrative Services	\$153,755.09
4. Rent	\$8,510.63
5. Property Management	\$175,900.00
6. Worker's Compensation	\$66,600.00
7. Human Resources Optimization	\$7,286.60
8. Occupational Safety and Health	\$7,036,377.72
9. Technology Support	\$352,700.00
10. Treasury Fee	\$1,300.00
11. 1% Civil Service Fee	\$49,123.00
Total	\$7,949,573.91

*Source: DLEG Financial Services Division data as of November 24, 2008.

TABLE 4

**SAFETY EDUCATION AND TRAINING
RESTRICTED FUND STATUS**

FISCAL YEAR 2008

1. Fund Balance September 30, 2007	\$4,053,938.82
2. Fiscal Year 2008 Revenue*	\$9,148,457.08
SET Levy	\$9,054,923.41
Interest	\$93,466.07
Correction Prior Yr Expenditure	\$67.60
3. Available Revenue (1 + 2)	\$13,202,395.90
4. Total Expenditures (Table 3)	\$7,949,573.91
5. Fund Balance* September 30, 2008 (3 - 4)	\$5,252,821.99

*Based on DLEG Financial Services Division data as of November 24, 2008.

TABLE 5

**SAFETY EDUCATION AND TRAINING
RESTRICTED FUND PROJECTED EXPENDITURES
FISCAL YEAR 2009**

1. Executive Director Programs	\$55,700.00
2. Regulatory Efficiency Improvements	\$15,400.00
3. SOAHR	\$197,300.00
4. Administrative Services	\$160,800.00
5. Rent	\$80,000.00
6. Property Management	\$295,400.00
7. Worker's Compensation	\$86,600.00
8. Internal Audit Services	\$9,800.00
9. Occupational Safety and Health	\$7,867,200.00
10. Information Technology	\$504,400.00
11. Treasury Fee	\$1,300.00
12. 1% Civil Service Fee	\$49,123.00
Total	\$9,323,023.00

Source: DLEG Financial Services Division data as of November 24, 2008.

TABLE 6
MIOSHA CONSULTATION, EDUCATION AND TRAINING
ACTIVITIES
FISCAL YEAR 2007

Activities	Measures
1. Employer and Employee Safety and Health Consultations (23g) & (21d)	3,034
2. Seminars/Workshop/10-Hour Construction Courses	183
3. Fundamentals of Safety & Health	11
4. Onsite Surveys (23g) & (21d)	728
5. Safety and Health Evaluations	240
6. Apprentice Training	74
7. Pieces of Literature Distributed	106,882
8. Safety Films and Videos Loaned	1,458
9. Total Training Sessions Conducted	1,187
10. Total Employer/Employee Participants	19,078