



MCIT MISSION:

Providing Minnesota counties and associated members cost-effective coverage with comprehensive and quality risk management services.

WEBINAR 'HOW MCIT DETERMINES A MEMBER'S CONTRIBUTION' OCT. 29

The no-cost webinar "How MCIT Determines Contribution Rates" Oct. 29 at 11 a.m. identifies factors considered when MCIT sets rates and explains:

- How those factors can affect rate calculations
- Reasons different lines of coverage have varying rates
- How standard rates are applied to a member's specific risk exposures

The session also provides the timeline for this process including when MCIT sets rates for the following year, and when members receive their estimated contribution and invoice.

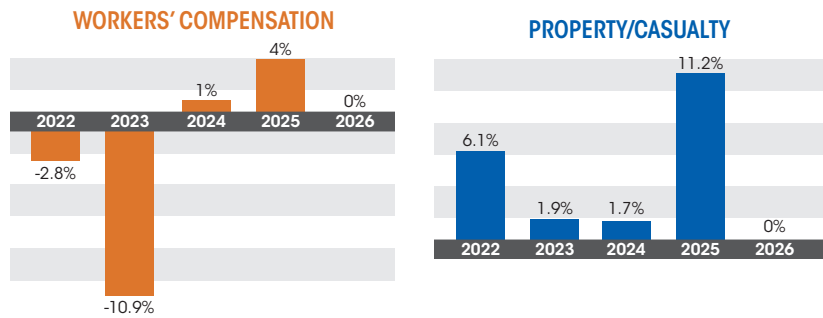
Who Should Attend

The webinar is recommended for the entity's primary contact for MCIT and other leaders, such as administrators, coordinators, executive directors and governing board members.

Learn More and Register

Members can learn more about this session and access the link to register for it on the webinar's page at [MCIT.org/events](https://mcit.org/events).

MCIT AGGREGATE RATE CHANGES (2022-2026)



Good News: Aggregate Rates Remain Unchanged for 2026

The July 11 MCIT Board of Directors meeting included the annual rate analysis report delivered by MCIT's long-term partner Actuarial Advisors, projecting next year's rates for both the property/casualty and workers' compensation divisions.

The analysis indicated maintaining aggregate rates at the current level for both property/casualty and workers' compensation coverages. This comes after two consecutive years of rate increases in both divisions.

The setting of contribution rates is one of the most important decisions the MCIT Board makes influencing the bottom line of a member's annual budget.

Aggregate rates reflect the net effect of rate changes to the individual lines of coverage included in the property/casualty line (i.e., auto, general liability, property, public employees liability, etc.)

and each individual payroll classification code in the workers' compensation line.

Past Property/Casualty Rate Changes Stabilized Division

Scott Anderson of Actuarial Advisors recommended that for the property/casualty division all individual lines of coverage should remain flat, not just the aggregate rate. He commented that the rate decisions taken by the board over the past several years helped stabilize the division, allowing the board to maintain rate consistency for the 2026 renewal.

With rates remaining flat, the contribution for a specific member entity will be influenced primarily by changes in its individual exposure base. For example, the cost of property coverage is based largely on the total value of a member's

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COMING EVENTS

Aug. 8

MCIT BUILDING, ST. PAUL

9 A.M.: Board of Directors meeting

1 P.M.: Claims Committee meeting

Aug. 27

PARK EVENT CENTER, WAITE PARK

9 A.M.: Public Sector HR 2.0

Sept. 11

MCIT BUILDING, ST. PAUL

TBD: Board of Directors fall work session

Sept. 12

MCIT BUILDING, ST. PAUL

TBD: Board of Directors fall work session

TBD: Board of Directors meeting

1 P.M.: Claims Committee meeting



Reports to County Boards Nearly Complete

MCIT representatives have been meeting with each county board since March, reporting on key elements of the MCIT program and sharing how the county has contributed to the success of the program.

MCIT will be visiting with the last few counties in August and September. As of July 30, MCIT has addressed 54 of 81 member county boards.

This year's report includes factors influencing the financial status of MCIT, claim trends, coverage enhancements and services. Delivering this report in person provides county commissioners the opportunity to engage in conversation with MCIT about these issues.

MCIT delivers these reports every two years during county boards' regular board meetings. The staff appreciates that members make time for this conversation.

MCIT Board of Directors: Ron Antony—Chair, *Yellow Medicine County Commissioner*; Don Wachal—Vice Chair, *Jackson County Commissioner*; Randy Schreifels—Secretary-treasurer, *Stearns County Auditor-treasurer*; Lindsey Meyer, *Wright County auditor-treasurer*; Kurt Mortenson, *Otter Tail County Commissioner*; Todd Patzer, *Lac qui Parle County Commissioner*; Brett Skyles, *Itasca County Administrator*; Jack Swanson, *Roseau County Commissioner*; and Marcia Ward, *Winona County Commissioner*.

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Does MCIT Collect More Contribution to Award an Annual Dividend?

The simple answer to the headline question is no. When setting contribution rates each year, the MCIT Board of Directors' goal is to collect sufficient contribution to pay the expected cost of claims with capacity to address any adverse claims development.

MCIT board members are dedicated to a fully funded program capable of responding to unexpected events that could affect the fiscal health of MCIT. They are also committed to returning funds not deemed necessary to the operation of the program.

Traditionally, dividends have been funded by investment income and when claim results have been better than expected. When investments outperformed expectations, particularly through 2019, that excess was returned to members. Recently, returns have been low, with little, if anything, to contribute to a dividend.

Although MCIT has declared a dividend for the past 35 years, the last four dividends have solely come from the workers' compensation division, where claims developed better than expected and were combined with a small investment return.

The financial performance of the property/casualty division, however, was different 2021-2024. Excess funds were not available to return as a dividend due to cost increases for law enforcement liability, property and auto claims, as well as reinsurance expenses. Despite the elevated expenses, the division remained fully funded as a result of higher contribution collected for these more costly lines of coverage and a modest investment return.

For the current year's dividend analysis, members are encouraged to refer to the July 2025 Bulletin article "\$1.5 Million Dividend Declared" at [MCIT.org/news](https://www.mcit.org/news).

MCIT Receives Unmodified Audit Opinion

MCIT is proud to have received an unmodified audit opinion from the independent firm of Eide Bailly LLP for 2024. MCIT's entire audited financial statements for the year ending Dec. 31, 2024, are available for review

at [MCIT.org](https://www.mcit.org), including the Notes and Management's Discussion and Analysis, or by contacting MCIT Executive Director Gerd Clabaugh at gclabaugh@mcit.org.

An unmodified opinion means that the audit firm believes that the financial



statements present fairly, in all material respects, the financial position of MCIT as of Dec. 31, 2024, and the results of its operations and its cash flows for the year.

Eide Bailly conducts the audit in accordance with auditing standards generally accepted in the United States. The firm concluded that the audit evidence it obtained from MCIT is sufficient and appropriate to provide a basis for the audit opinion.



Changes to Employee Breaks, ESST Enacted

Minnesota enacted new requirements for employee break times and minor changes to Earned Sick and Safe Time (ESST) laws during the short 2025 special session. Members are encouraged to contact their legal counsel with any questions related to employee break requirements or ESST.

Minnesota Fair Labor Standards Act

The following changes take effect Jan. 1, 2026.

- **Rest breaks:** Employers must allow an employee during each four consecutive hours of work to have a rest break of at least 15 minutes or enough time to use the nearest convenient restroom, whichever is longer. The law previously required the employer to allow the employee “adequate time from work.”
- **Meal breaks:** Employers must allow each employee working for six or more consecutive hours a meal break of at least 30 minutes. The law previously required a meal break with sufficient time to eat a meal when an employee worked eight consecutive hours. Employers are not required to pay employees during meal breaks.
- **Penalties:** If an employer does not allow the rest or meal breaks, the employer may be liable to the employee for the rest or meal break time that should have been allowed at the employee’s regular rate of pay, plus an additional equal amount as liquidated damages.

Earned Sick and Safe Time

The following changes in ESST laws took effect July 1, 2025, except where noted.

- **Notice:** When the need to use ESST is unforeseeable, an employer may require notice of the need for ESST “as reasonably required by the employer.” The law previously allowed an employer to require notice “as soon as practicable.”
- **Documentation:** Employers may now require reasonable documentation when an employee uses ESST for more than two consecutive scheduled work days. This is a reduction from the prior requirement that an employee

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Aggregate Rates Remain Unchanged ... continued from page 1

covered property. If a member sees little change in those values from 2025 to 2026, the cost for property coverage in 2026 would be much in line with the current year.

However, if a member added significantly to the value of its covered property in 2025, perhaps with the addition of new buildings or renovations, the entity would see an increase in contribution but at the current rate level.

Property Value Changes Affect Cost of Coverage

It is important to keep in mind that this year, member property is subject to an inflationary adjustment in building values of 3.4 percent and contents values of 3.6 percent set by the MCIT board in June. Members participating in the final phase of the onsite building appraisal project, generally members located in the southern third of the state, will see building values adjusted due to that process.

The board takes these actions to ensure that member property is valued accurately in the event of a total loss and to position MCIT favorably for reinsurance marketing. With the property rate remaining flat, the impact of any increase in value will be held at the current 2025 rate.

Most Workers’ Compensation Classification Code Rates Remain Flat

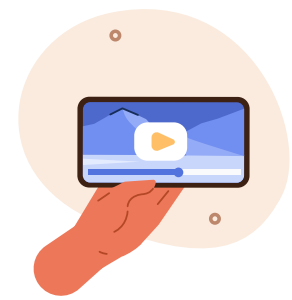
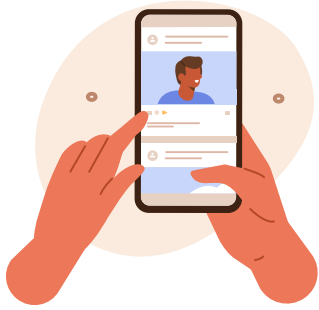
By adopting Anderson’s recommended rate analysis of holding workers’ compensation rates flat in the aggregate for 2026, the net effect is general rate stability for the membership. Within this line of coverage, MCIT works with members to categorize payroll by position into approximately 30 different classification codes that align with each employee’s job duties.

Each code has its own rate that can fluctuate from year to year, depending on the amount of payroll assigned to it and the volume of claims arising from it. Well over half of these codes saw either no change or a reduction in rate for 2026.

Anderson reminded the board that by holding the aggregate rate level flat, a member’s contribution would be influenced by how much payroll it has in each classification code and whether the rate for that code increased, decreased or remained the same for 2026.

Workers’ compensation coverage is unique in that each member is assigned an experience modification factor that is reflective of its own claim activity, specifically, whether the member’s loss experience aligns with what is actuarially expected. That factor, when applied to a member’s standard contribution, has a direct effect on the cost of coverage for the specific member.

With rate decisions made, MCIT staff is working to calculate and validate each member’s estimated contribution for next year. Notices will be issued to members by mid-August pursuant to the MCIT Bylaws. Questions regarding 2026 contributions should be directed to MCIT underwriting at **1.866.547.6516**.



Do Public Entities Need to Save Social Media Posts?

Social media is a common method for communicating government information to the public, but how do data retention obligations apply to these sites? Specifically, MCIT members have asked whether they should contract with a third party to archive social media posts and the public's comments.

Official Records and Records Management

From a risk management perspective, one of the first questions to ask is whether a legal obligation exists to archive the government entity's social media sites, and if so, what that obligation may specifically entail.

The Minnesota Official Records Act provides that public entities "shall make and preserve all records necessary to a full and accurate knowledge of their official activities." (Minn. Stat. § 15.17).

The Records Management Act (Minn. Stat. § 138.17) defines government records to include:

- All cards; correspondence; discs; maps; memoranda; microfilms; papers; photographs; recordings; reports; tapes; writings; optical disks; and other data, information or documentary material, regardless of physical form or characteristics, storage media or conditions of use
- Made or received by an officer or agency of the state and an officer or agency of a county, . . . municipal subdivision, or corporation or other public authority or political entity within the state
- Pursuant to state law or in connection with the transaction of public business by an officer or agency

Not every piece of government data that a government entity produces is automatically an official record. Moreover, not every copy of a record needs to be maintained. With a few exceptions, there is no obligation to maintain nonofficial records or data.

The government entity's records retention schedule usually lists the official records and the length of time they need to be maintained.

Data Practices Act and Litigation Holds

In contrast, the Minnesota Government Data Practices Act (MGDPA) provides for public access to data maintained by the government entity. Generally speaking, there is no independent obligation under the MGDPA to retain data that are not official records. Moreover, there is generally no obligation under the MGDPA to produce data that the government entity does not have.

If there is an MGDPA request for data, then the data must be produced if the entity has it and the person requesting the data has

a legal right to get it. A general rule of thumb is that if a government entity is not legally required to keep certain data, then it is often best not to keep it.

A caveat to this is if the entity is under a litigation hold. A litigation hold is a written notice to employees and individuals under an entity's direction and control instructing them to retain any data, documents, emails, videos, etc. related to a certain issue that is or may be subject to specific litigation that is expected or in progress.

It is also notice to the information technology and records staff to suspend routine document destruction for both physical documents and electronic data. Litigation holds require entities to retain and maintain types of data beyond those required by the Official Records Act.

Identifying Official Records

It is up to the entity to determine whether its social media data constitutes an official record that must be maintained.

For example, a social media post announcing a special board meeting is not the official record of the board meeting. Similarly, a link to board minutes placed on a website for the convenience of the public is most likely not the official record of those board minutes.

However it is possible that other social media posts relating to the transaction of public business may be official records.

The Minnesota Department of Administration, Data Practices Office, provides tips for spotting the difference between official records and what are not official records under the Official Records Act and the Records Management statute.*

Documents with the following characteristics are more likely to be official records:

- Document is identified as an official record on the entity's records retention schedule.
- Document describes official functions or the business activities and transactions of the entity.
- Document has administrative, evidentiary, fiscal, historical or programmatic value that will help explain the entity's decision-making.

Documents that are not official records are more likely to have the following characteristics:

- Data are used as general reference materials.
- Data are duplicates or serve as a convenience copy of an official record.
- Data are transitory in nature, do not have long-term value and provide little

insight into an entity's decision-making processes.

- Data are drafts or working papers that were later incorporated into a final report or document.
- Documents are personal in nature.

Maintaining Social Media Data as Official Records

To the extent that information posted on a social media site are determined to be official records, the entity must consider how it will store, maintain and preserve these records. The organization may need to update its records retention schedule to include social media records if they are official records.

Electronic records on the whole provide some unique problems for retention. A social media archiving service is an option for maintaining social media official records, but it may not be the only option depending on an entity's particular needs.

For example:

- An archiving service may capture data that the entity does not need to maintain.
- An entity that has minimal social media posts that are official records may be able to meet its legal obligations by retaining a screen shot or a copy of those posts in a separate file on its network.

The Minnesota Historical Society offers "Electronic Records Management Guidelines" on its website that provides information on a variety of topics, including email and web content management.**

Consult with Experts

The legal obligations to retain data on social media sites will differ from entity to entity and will depend on how the organization uses social media to communicate.

MCIT encourages members to consult with their legal counsel and MGDPA responsible authorities or others tasked with retaining official records to determine the extent of these legal obligations for social media posts and the method of retention, if any, that will best fit the entity's needs.

*[MN.gov/admin/data-practices/data/rules/records-management/](https://mn.gov/admin/data-practices/data/rules/records-management/)

**[MNHS.org/preserve/records/electronicrecords/erguidelines.html](https://mnhs.org/preserve/records/electronicrecords/erguidelines.html)

Changes Enacted ... continued from page 3

must use ESST for more than three consecutive scheduled work days before documentation could be required.

- **Replacement workers:** Employers cannot require an employee to find a replacement worker to cover the ESST hours they use. But a provision was added clarifying that employees are not prohibited from voluntarily seeking or trading shifts with another worker to cover the ESST hours.
- **Advancing ESST:** Effective Jan. 1, 2026, employers may advance ESST to an employee based on the number of hours the employee is anticipated to work for the remaining portion of the accrual year. However, if the advanced amount is less than the amount the employee would have accrued based on the actual hours worked, the employer must provide the additional ESST to make up the difference.



'Understanding Park and Rec Immunities for Better Risk Management'

WEBINAR AUG. 13 AT 11 A.M.

For public parks and recreation activities to be a positive experience for the community, they need to be safe. The public puts its trust in public entities to ensure that this is the case. Public entities in Minnesota enjoy park and recreation and unimproved property immunities that protect them from liability for injuries occurring on their premises. But that does not absolve public entities from all liability or make them immune to lawsuits.

What Attendees Learn

This webinar:

- Dives deep into what immunities actually afford Minnesota public entities and what they do not
- Reviews case law, examining the good and bad outcomes for public entities
- Offers best practices for preserving the immunities

The training is presented by attorney Kenneth H. Bayliss III, Quinlivan & Hughes P.A. He has been practicing law for more than 40 years, much of it working with Minnesota public entities on challenges to their statutory immunities.

Who Should Attend

The webinar is developed for those involved with oversight of parks and recreation operations for a Minnesota local governmental unit, such as:

- Parks and recreation directors
- County risk managers
- County administrators/ coordinators
- County facility managers
- County attorneys
- Agricultural society (county fair) leaders

Register Now

Although there is no cost to attend "Understanding Park and Rec Immunities for Better Risk Management," attendees must register to join the live session. Use the registration link on the webinar's page at MCIT.org/events.

Tip: Ensure the email address entered on the registration form is correct, as that is where the link to join the live event will be sent.

Have Remote Workers Outside of Minnesota? Understand Employer Obligations

Members should be aware that there may be some unanticipated financial and legal implications if they allow employees routinely to work remotely from another state. MCIT recommends that members contact their county attorney or other legal counsel with any questions related to the legal implications of allowing routine out-of-state remote work.

Workers' Compensation Coverage

For example, workers' compensation coverage may differ for employees working from another state. MCIT is organized in Minnesota and as such, may only provide this coverage on Minnesota-based employees, including the occasional out-of-state travel, pursuant to the workers' compensation statute.

MCIT is not licensed or statutorily authorized to provide workers' compensation coverage under another state's laws. If a member allows its employees routinely to work remotely outside of Minnesota, the member does not have coverage through MCIT in the remote-work state.

The member would be responsible for purchasing workers' compensation coverage for those remote employees from a company that provides cover-

age in each state where the member has employees routinely working. MCIT risk management consultants can assist members in identifying providers.

Employment, Tax Laws

Employment and tax laws may be implicated as well. Employment and tax laws vary greatly from state to state, and out-of-state remote employees may be subject to the laws in the state or city where they perform the work.

The employer may be obligated to follow state and local laws, and employee protections of the remote-work state. Among others, this includes:

- Unemployment compensation programs
- Leave laws
- Wage and hour laws
- Break requirements
- Health care and benefit requirements
- Disability insurance
- Jury duty and voting leave laws

Conversely, certain Minnesota laws, such as the new paid leave program,



may not cover employees who are primarily working outside of Minnesota.

The employer may also need to withhold payroll taxes for the state of residence, depending on the specific remote employee situation and state.

Know Where Employees Work to Determine Application of Laws

Each of these laws may have a different definition of when they will or will not apply to a remote employee. Members should know where remote employees are routinely working and determine which laws apply to remote employees based on the facts and circumstances of each remote work arrangement.

A member could be liable to the employee or the state if it fails to comply with applicable laws.

Workers' Compensation Claims Representative Retires

After a long career working in workers' compensation claims, Rick Henning will retire from MCIT Aug. 29. He spent the past 19 years as a workers' compensation claims representative for the trust, most recently assigned to members in Carver, Meeker, Scott, Sherburne, Stearns, Washington and Wright counties.

"Throughout his time with MCIT, Rick has approached every claim with professionalism, empathy and a consistent commitment to doing what is right for both the injured employee and the organization," MCIT Workers' Compensation Claims Manager Andrew Essling says. "His knowledge, demeanor and attention to detail made a lasting difference in the lives of countless Minnesota public employees and their families."

Henning says, "MCIT was a good fit for me. It is a smaller or-

ganization where I felt I was needed and where I could make a difference. I have enjoyed the relationships and rapport I developed with all of my member contacts and their employees. As MCIT is not a commercial insurance carrier, it was nice to focus solely on our members versus insurance agents and underwriters."

During his time with MCIT, Henning provided mentorship and a steady presence to his fellow claim representatives. Beyond his technical skills, Essling notes that Henning brought a spark and team spirit to the department that will be missed.

In addition to Henning's time with MCIT, his 45-year career includes work for SFM Mutual Insurance, Sedgwick CMS, Berkley Administrators, CIGNA and Wausau Insurance.

Learn How Managing Data Helps Manage Cyber Risk

ATTEND NO-COST WEBINAR SEPT. 17 AT 11 A.M.

The enormous volume of information that public entities collect, create and maintain to carry out their operations means their data security threat landscape is just as large. Fortunately, taking a few consistent steps can help organizations reduce their risk exposure.

What You Learn

This webinar:

- Explains how deliberately managing the organization's data can help reduce adverse consequences from a data security incident
- Gives an overview of the laws related to a public entity's data management, including the Minnesota Official Records Act, Records Retention Act and Minnesota Government Data Practices Act
- Provides best practices for reducing the amount of information the public entity maintains and

how to ensure the information it needs to keep is secure

Who Should Attend

This webinar is recommended for:

- Administrators/coordinators
- Executive directors
- Department heads
- Sheriffs
- SWCD district managers
- HR managers
- Risk managers
- County attorneys

Note: This webinar does not discuss technical solutions for data management, retention nor security. It is geared toward an entity's leadership, which may or may not include IT professionals.

No Cost But Registration Required

"Manage Data to Manage Cyber Risk"



is presented at no cost, but attendees must register to attend. Visit the session's page at MCIT.org/events for a link to register, as well as for tips for attending the webinar.

Tip: Double check the email address entered on the registration form, as that is where the link to join the live event will be sent.

How Will You Observe National Cybersecurity Awareness Month?

October is National Cybersecurity Awareness Month. Now is the time to plan how your organization or department will step up its data security efforts. Consider:

- Strengthening employees' skills to keep data and systems secure
- Improving technical strategies, such as implementing multifactor authentication
- Conducting a security audit or penetration test to learn about unknown vulnerabilities in your systems and procedures
- Establish an organizationwide records cleanup day to delete records no longer needed or required and move necessary records with sensitive data to secure storage locations (e.g., move out of email to secure server)



- Informational articles on a number of security issues

Fully Revised Data Security Guide Coming Soon

MCIT is excited to announce the fall release of a fully revised second edition of the best practices guide "Essentials of Data Security for Public Entities."

- Each chapter has been updated for current security concerns and best practices.
- More robust guidance is included around IT vendor contracts, incident response, data management, remote work and user authentication.

Watch for the second edition to be posted to MCIT.org.

"Essentials of Data Security for Public Entities" recognizes that keeping a local government's data secure goes beyond technical solutions such as email filters, firewalls and passwords. The publication addresses crucial nontechnical strategies that if left unaddressed can leave an organization just as vulnerable to breach as if the entity had no technical solutions at all.

This guide is intended to be used across an organization's leadership to guide decision making and provide strategies for securing data throughout the entity's operations.

Resources Help You Observe Awareness Month

The National Cybersecurity Alliance is the sponsor of the annual observance and offers employers ideas and materials to build their security efforts. Check out its website at StaySafeOnline.org.

Members are also encouraged to use data security resources from MCIT available at MCIT.org/resources, including:

- Digital images to remind staff how they can be a human firewall, protecting the organization just like a technical firewall
- Quick Takes on Data Security mini training scripts to review data security steps with team members