

DEPARTMENT OF LABOR AND INDUSTRY

An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018

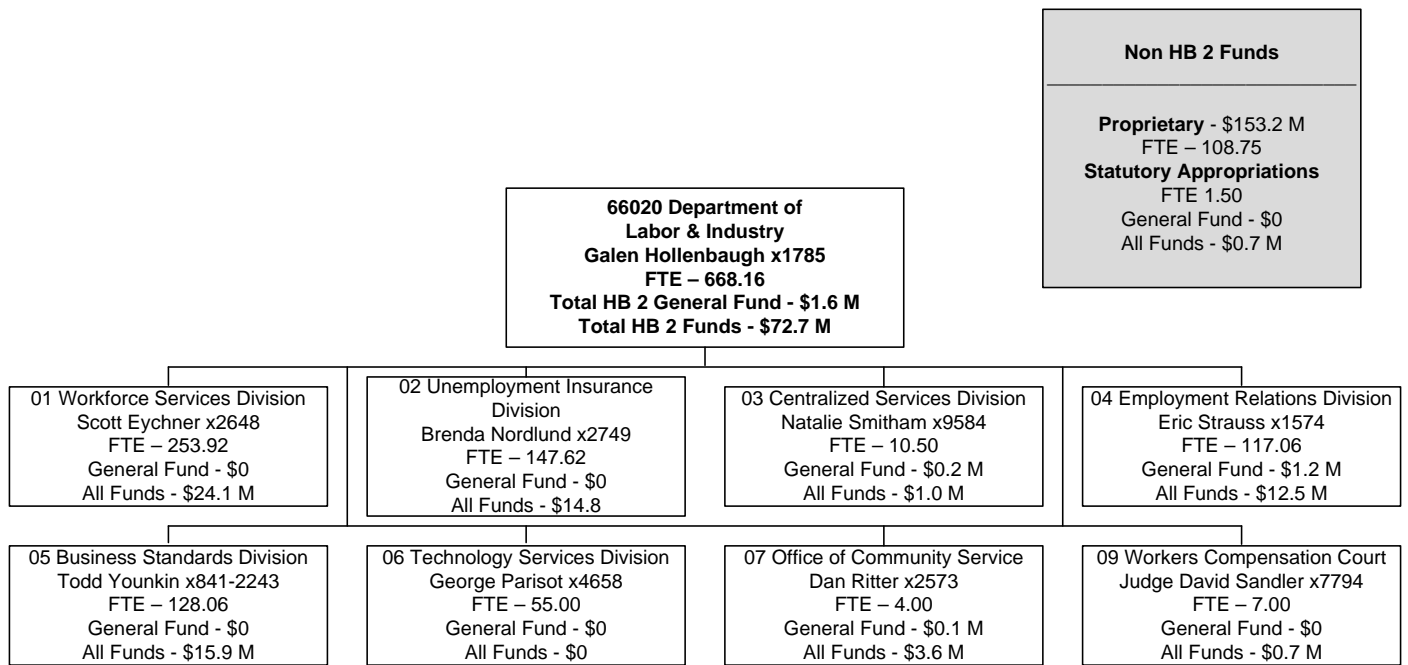


INTRODUCTION

The mission of the Department of Labor and Industry (DLI) is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities. The Department of Labor and Industry has a number of functions, which in part include:

- Serving as an employment agency, providing job training to assist individuals in preparing for and finding jobs, and assisting employers in finding workers
- Overseeing federal and state training and apprenticeship programs
- Conducting research, collecting employment statistics and collecting, analyzing and providing workforce and career information
- Administering the unemployment insurance program and disbursing state unemployment benefits
- Enforcing state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Providing adjudicative services in labor-management disputes
- Licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana
- Providing administrative and clerical services to professional boards and occupational licensing programs authorized by state statutes
- Establishing and enforcing minimum building codes
- Administering the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Overseeing and regulating the Montana Workers' Compensation system

Below is an organizational chart of the department, including full-time employee (FTE) numbers and the HB 2 base general fund appropriations and the total of all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

The department's budget consists of six programs and two administratively attached entities:

Workforce Services Division

- Provides retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers

Unemployment Insurance Division

- The Contributions Bureau – responsible for unemployment insurance employer registration, contribution rate assignments, tax and wage report collection, wage revisions, and employer audits
- The Claims Processing Bureau – has two claims processing centers, located in Billings and Helena, which file and process claims (monetary eligibility, issue investigation, adjudication, and employer charging) and respond to all unemployment insurance claim related inquiries. The bureau is also responsible for Trade Readjustment Assistance, military, federal, and multi-state claims
- The Program Support Bureau – manages the division budget, accounting, and the Unemployment Insurance trust fund. The bureau also provides management analysis and research for economic, program management, reporting, and legislative purposes in addition to operating tax and benefit quality control, benefit payment control, and integrity programs

Commissioner's Office/Centralized Services Division

- Provides program direction, legal, administration, and support services to the department's six programs and two administratively attached entities
- The Office of Human Resources – provides general personnel recruiting, selection, and other human resource functions for the department
- Office of Legal Services – provides legal advice and representation to the commissioner, the divisions, and the administratively attached entities
- Office of Administrative Hearings – holds impartial administrative hearings and provides dispute resolution services in unemployment insurance cases, wage and hour claims, public employee collective bargaining and unfair labor practices cases, state employee classification appeals and grievances, uninsured employer regulatory matters, professional and occupational licensing appeals, and human rights complaints

Employment Relations Division

- Workers' Compensation Regulation Bureau – regulates workers' compensation insurance coverage requirements, policy compliance, contractor registration, independent contractor exemptions/registration, Professional Employer Organization (PEO) licenses, Managed Care Organization (MCO) licenses, uninsured employers, Subsequent Injury Fund (SIF) applications, and management of Extra Territorial agreements
- Workers' Compensation Claims Assistance Bureau – assists organizations and individuals to arrive at early, less expensive settlements of their disputes and provides management information on the workers' compensation system
- Labor Standards Bureau and the administratively attached Board of Personnel Appeals – enforce state and federal labor laws related to the payment of wages and administers the Collective Bargaining Act for Public Employees
- Safety and Health Bureau – administers federal and state industrial safety laws and works with businesses, mines, and public entities to improve their safety through training and consultation services
- Human Rights Bureau – informally investigates complaints of discrimination, facilitates voluntary resolution, and educates Montanans on their rights and responsibilities under both state and federal anti-discrimination laws

Business Standards Division

- Division Administration – responsible for conducting fiscal review of license fees and board budgets and providing administrative assistance that allows licensees to remain in compliance with all relevant professional and occupational licensing requirements
- Building and Commercial Measurements Bureau – establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes. The bureau is also responsible for licensing, inspecting, testing, and certifying all weighing and measuring devices used in making commercial transactions in Montana and enforces laws and regulations pertaining to the quantity control of prepackaged goods and petroleum products
- Professional Licensing Bureau – oversees licensing of professionals engaged in professions and occupations relating to the 33 professional and occupational licensing boards and the athletics program. The bureau also provides administrative support to 33 governor-appointed boards regulating health care and non-health care professions and occupations. The Montana Prescription Drug Registry is located within this bureau

Technology Services Division

- Provides information technology services and support for the department including IT project management, application development, and network services

Office of Community Service

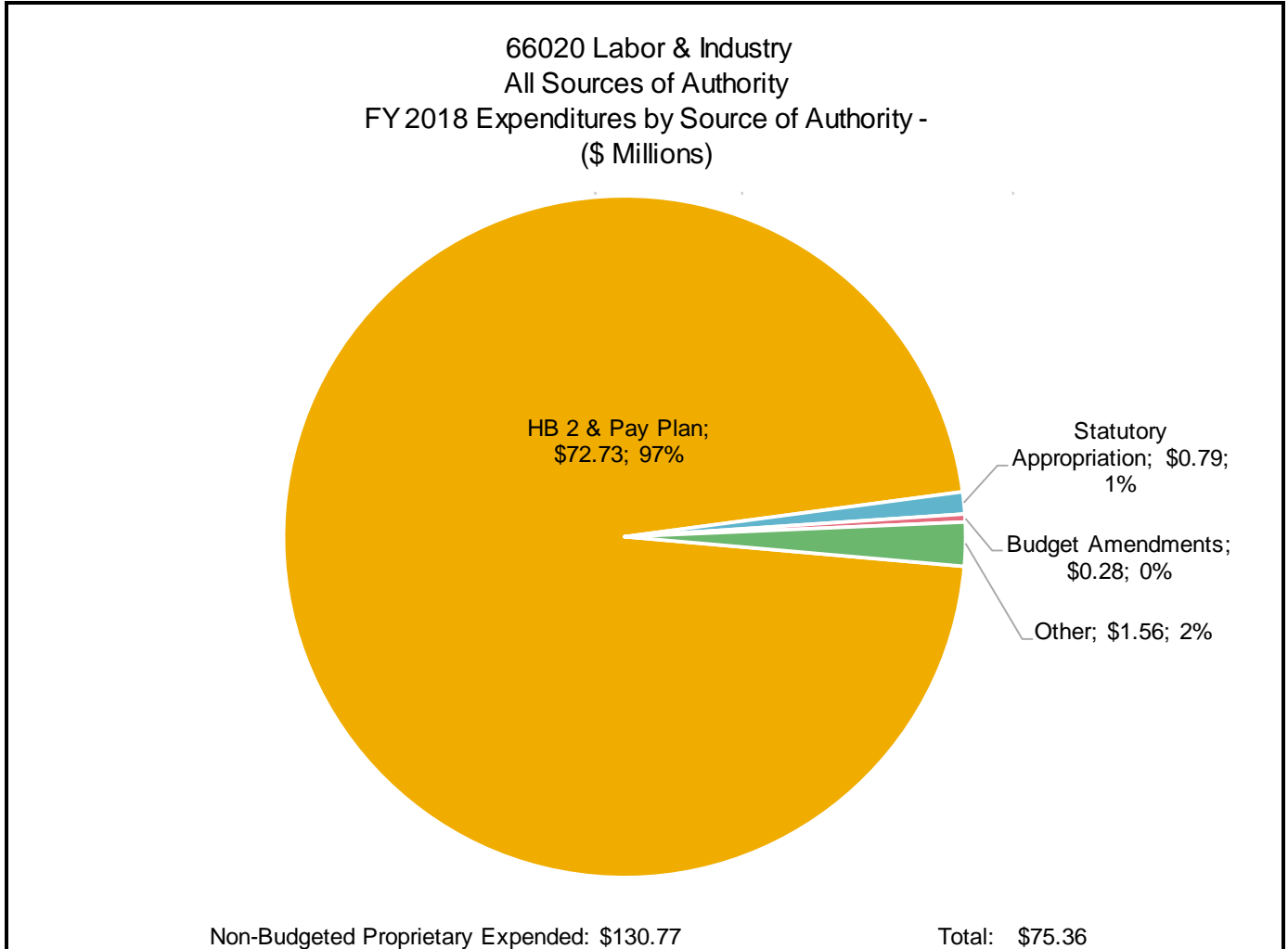
- Responsible for renewing the ethic of civic responsibility in the state, engaging citizens in service, and supporting volunteer opportunities focused on critical community needs
- Administration of the Corporation for National and Community Service' AmeriCorps state programs, creates opportunities for individuals to engage in their community, and recognizes the power of individuals who make a difference through service
- Administration of the ReadyMontana initiative, a statewide effort to encourage individual disaster preparedness
- The office is attached to the department for administrative purposes only

Workers' Compensation Court

- Provides a forum for Montana employees, employers, and the insurance industry to resolve disputes arising from work-related injuries and occupational diseases. The court is attached to the department for administrative purposes only

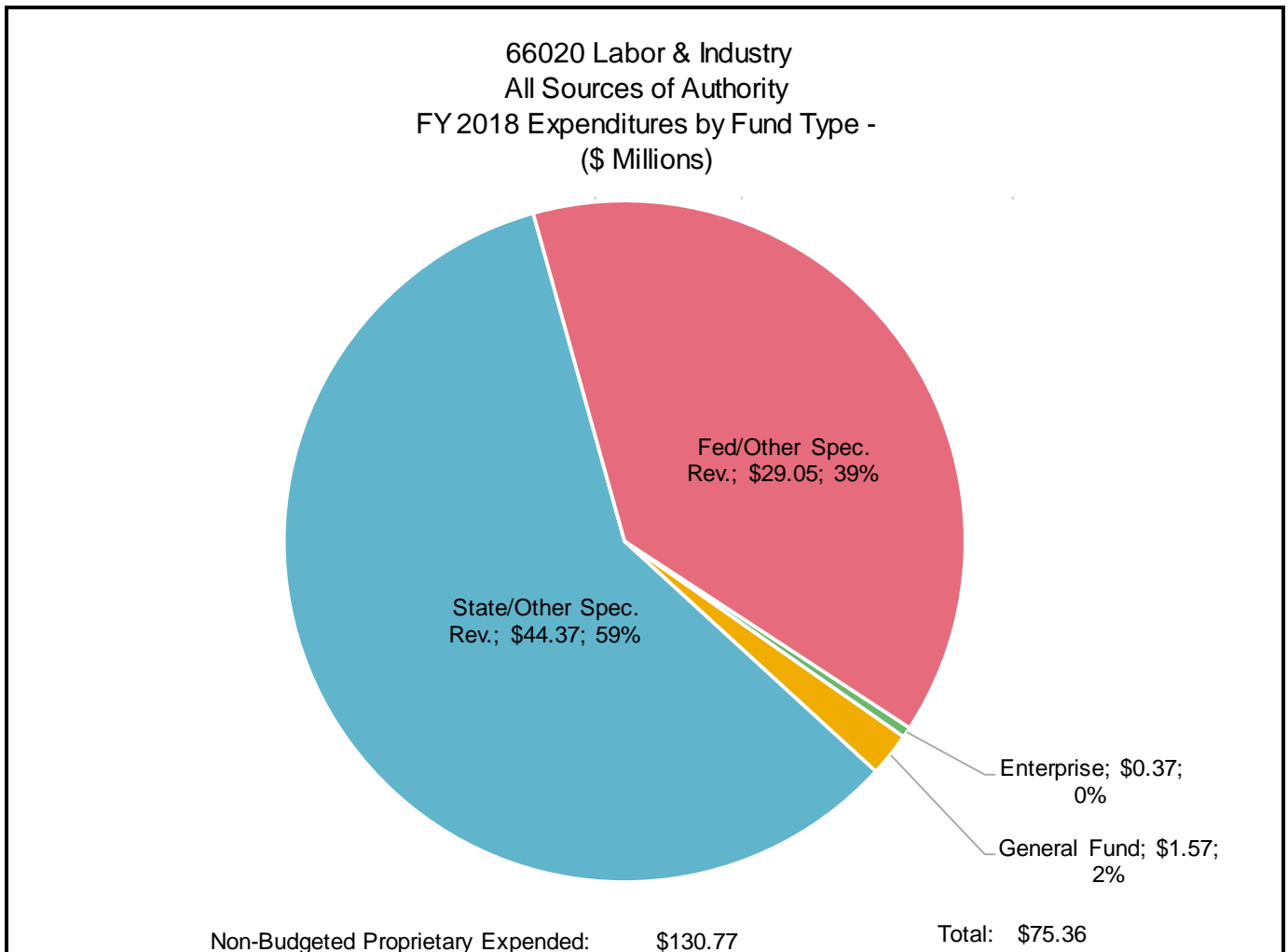
SOURCES OF SPENDING AUTHORITY

The Department of Labor and Industry receives nearly all of its spending authority from non-budgeted proprietary funds, HB 2, and the pay plan. HB 2 and the pay plan accounted for 97% of the total \$75.36 million budgeted expenditures. The chart below shows the sources of authority for the department that were expended in FY 2018.

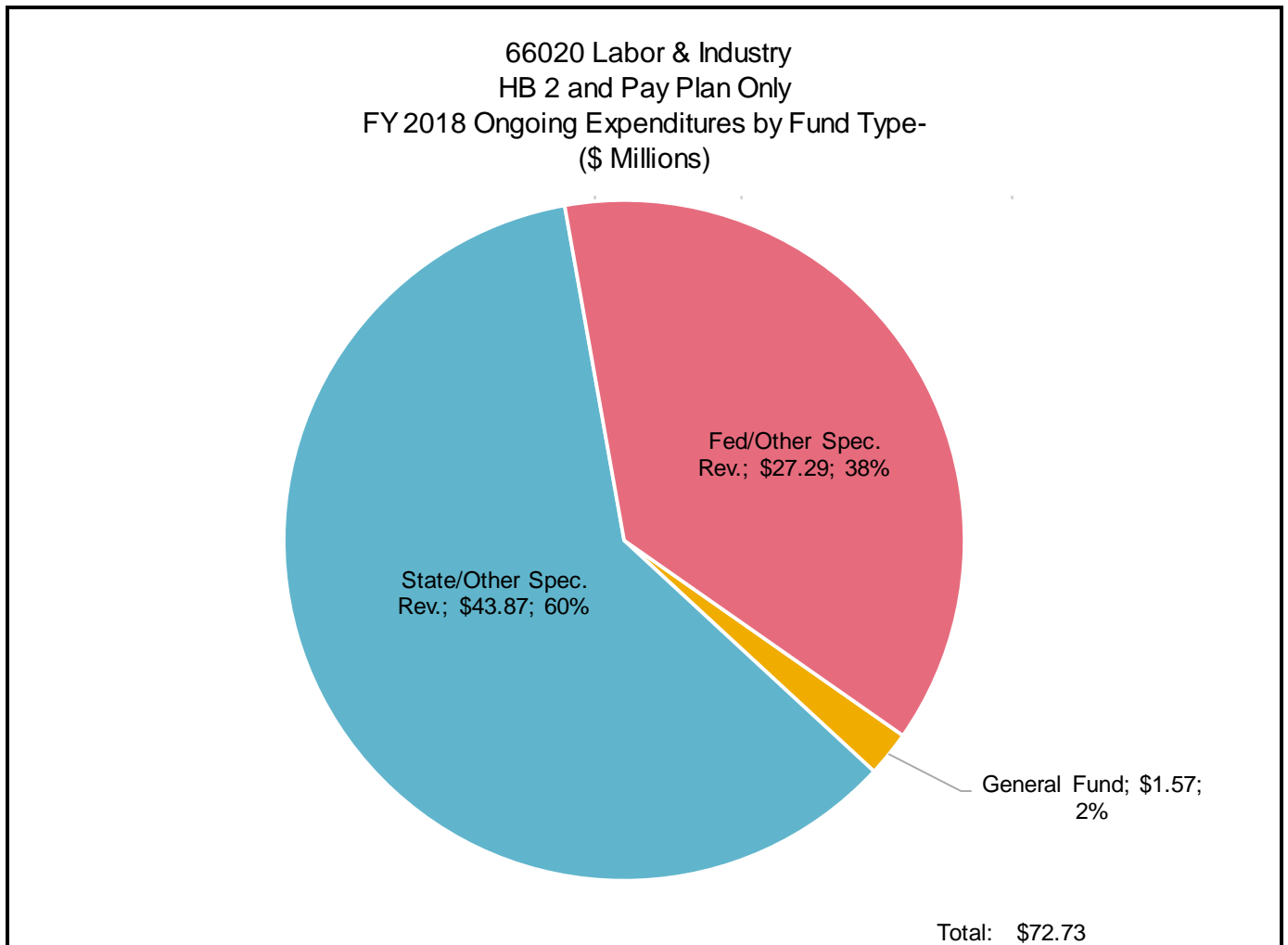


FUNDING

The Department of Labor and Industry is predominately funded with state special revenue and federal special revenue funds, which account for 59% and 39% of budgeted expenditures, respectively. The chart below shows FY 2018 actual expenditures by fund type for all sources of authority.

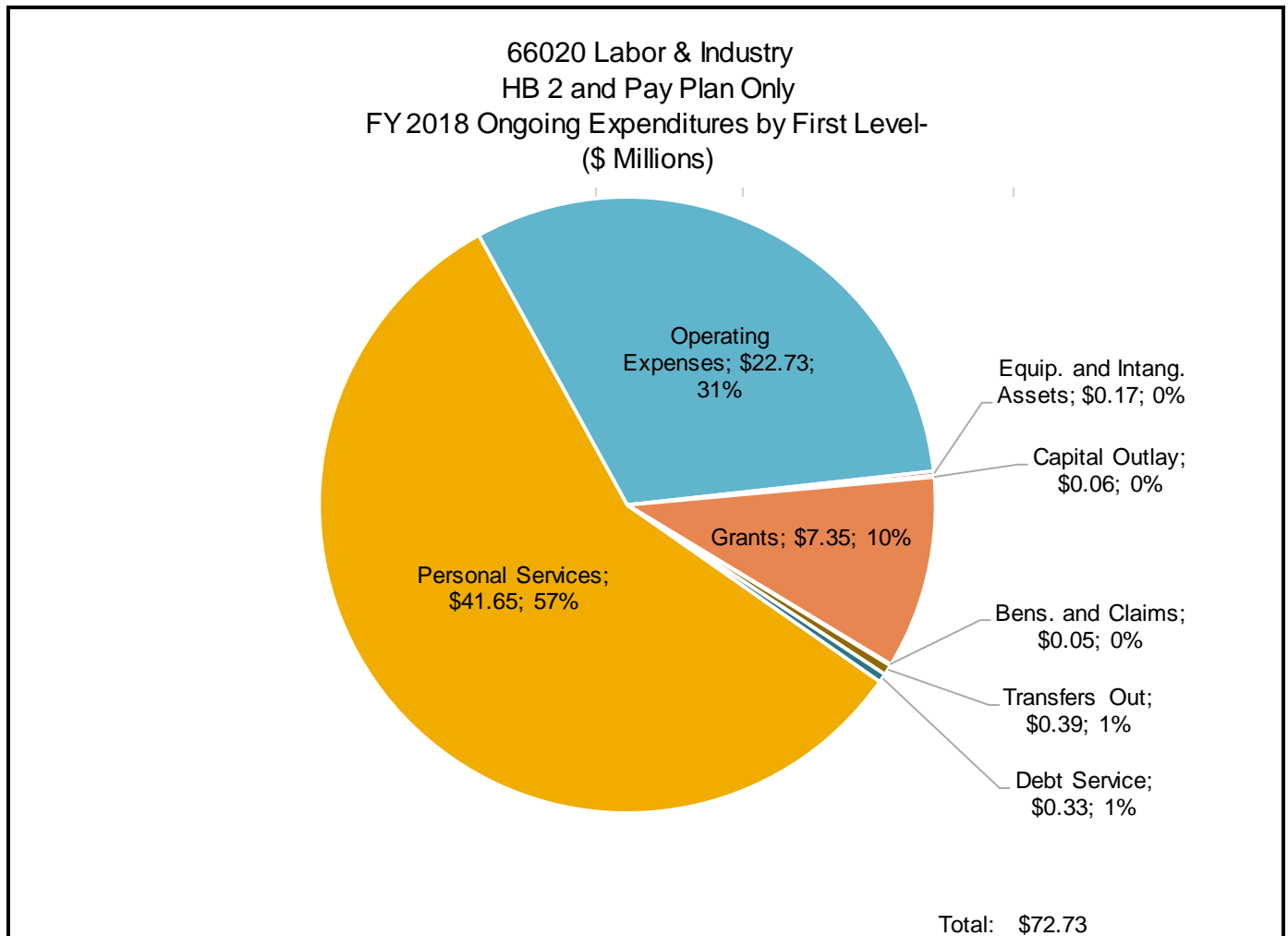


State special revenue accounts for 60% of the Department of Labor and Industry's \$72.73 million HB 2 and pay plan FY 2018 expenditures. Federal special revenue accounts for 38%, while only 2% of those expenditures come from the general fund. The chart below shows the department's HB 2 and pay plan expenditures by fund type.



EXPENDITURES

The Department of Labor and Industry had \$72.73 million in HB 2 and pay plan expenditures for FY 2018. Personal services accounted for 57% of that amount, and operating expenses accounted for 31% of HB 2 and pay plan expenditures. The chart below explains how HB 2 and pay plan authority is spent.



HOW THE 2019 LEGISLATURE CAN AFFECT CHANGE

In order to change expenditure levels and/or activity, the legislature might address:

- Workplace safety regulations – although there is a body of federal regulation that governs workplace safety (e.g., OSHA), state government also has the opportunity to regulate workplace conditions and determine how those regulations will be enforced. Addressing the definitions of workplace regulations as well as the frequency and manner that regulations are enforced and defining the remedies and sanctions related to violations may influence activity of the Department of Labor and Industry. All of these affect the Department of Labor and Industry's work in this area, including hearings activity.
- Human/civil rights protections – addressing the regulations, protections, and remedies or sanctions in this area may change Department of Labor and Industry activity. There are rights and protections that are a matter of federal regulation, but state regulations may provide broader coverage than the federal regulations.
- Unemployment benefit eligibility and employer taxation – while much of the unemployment benefits system is driven by federal regulation (U.S. Department of Labor), each state has the authority to define the eligibility criteria for benefits, the benefit levels for eligible recipients, and the tax schedule that employers use in contributing to the unemployment insurance trust fund. Therefore, addressing the definitions of eligibility, benefit levels and tax schedules can change Department of Labor and Industry activity.
- Building codes/weights and measures – the regulations that govern building codes as well as weights and measures include a body of state statute that defines both the standards as well as the frequency and content of inspections and enforcement. Each of these definitions can be addressed in order to change department activity in this area.
- Number of professional/occupational licensing boards – presently the Department of Labor and Industry provides administrative support for licensing boards and programs. The regulations that govern these boards and programs, as well as the potential for additional areas to regulate, are a function of how the state defines its responsibilities in this area. The Department of Labor and Industry activity may be addressed through these definitions and through decisions regarding the number professions/occupations the state regulates and oversees.
- Accessibility of job service programs – in order to deliver employment agency and job training programs to dislocated workers and employers, the Department of Labor and Industry operates Job Service centers across Montana. Addressing either the number of centers in operation and/or the level of program offered at each center may change Department of Labor and Industry activity in this area.

MAJOR COST DRIVERS

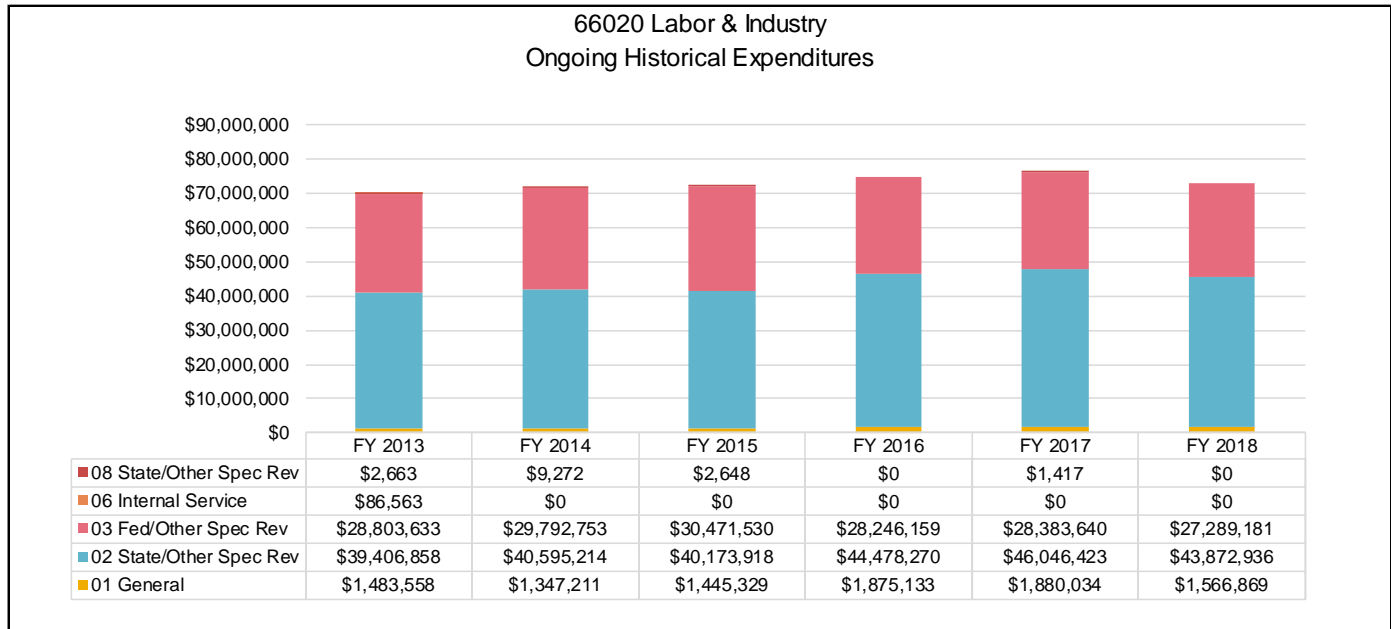
Activity for the Department of Labor and Industry varies depending upon:

- Level of unemployment within Montana
- Number of Montanans seeking employment
- Number of licensed businesses and professions
- Number of injured workers in Montana
- Number of workers' compensation court trials

Element	FY 2014	FY 2016	FY 2018	Significance of the Data
Montana unemployment rate	5.20%	4.10%	3.80%	Influences job service programs and unemployment benefits administration
Unemployment benefits paid	\$135.0 million	\$119.2 million	\$112.4 million	Indicates demand for benefits administration
Workers receiving training	2,235	2,338	3,348	Indicates demand for job services programs
Number of jobseekers	120,222	100,666	59,182	Indicates demand for job services programs
Workers' compensation claims filed	25,448	25,133	25,098	Indicates demand for services
Weights and measures inspections	19,530	17,434	14,464	Indicates demand for services
Licensed devices	23,888	24,024	24,965	Indicates demand for services
Building inspections	51,810	52,631	49,300	Indicates demand for services and workload over time
Professional and occupations licensing boards	33	33	33	Indicates demand for services and workload over time
AmeriCorps members	345	404	565	Indicates demand for services and workload over time
Workers' Compensation Court trials, hearings, and conferences	76	53	43	Indicates demand for services and insight into changes to workers' compensation claims and regulations

FUNDING/EXPENDITURE HISTORY

The following table shows historical changes in the agency's funding and expenditures. Budget cuts from the 2017 Legislative Session, the November 2017 Special Session, and the Governor's reductions reduced the FY 2018 appropriations for the Department of Labor and Industry, which resulted in slightly lower expenditures for FY 2018.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major changes in the last ten years include:

2015 Legislature

- The Legislature revised the fund structure and budgetary process for the Board of Accountants. An enterprise fund was established and statutorily appropriated for use by the board rather than the state special revenue account
- The Legislature increased the percentage that may be assessed against workers' compensation insurers for the administration of the workers' compensation act and created a new assessment for administering occupational safety and health laws

2011 Legislature

- The Legislature enacted numerous revisions to the workers' compensation laws in Montana. An ongoing appropriation of \$851,000 state special revenue for the costs associated with implementing these changes was made in HB 2 and included an addition of 1.50 FTE

2009 Legislature

- The Legislature appropriated funds received by the state from the federal government under the American Recovery and Reinvestment Act (ARRA) of 2009. The Department of Labor and Industry was provided \$15.3 million in federal fund spending authority for worker and community benefit programs including worker training programs, special assistance to workers displaced by trade activities, re-employment services, job search assistance, funding for community service programs, and funding for the modernization and administration of the Unemployment Insurance Program
- The Legislature codified the Incumbent Worker Training Program at the Department of Labor and Industry

- The Legislature revised the Workers' Compensation Act regarding independent contractor laws which included the ongoing process of scanning and indexing all documents
- The Legislature revised the Workers' Compensation Act on exemptions, claims examiners, and safety funding and required the establishment of a program to certify, maintain documentation, and approve training for claims examiners
- The Legislature provided for substitution of the Workers' Compensation Court judge in the event of a recusal by the Workers' Compensation judge

For more information on the agency, please visit their website, here: <http://dli.mt.gov/>.