

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON HUMAN SERVICES

Call to Order: By Chairman Bradley, on January 12, 1989, at  
8 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

Staff Present: Evan McKinney, LFA  
Peter Blouke, LFA

Announcements/Discussion: Chairman Bradley announced the tours arranged to coincide with discussion of budgets in Social & Rehabilitation Services (SRS); Executive Action on Employment Services budgets; and vacancy savings for Worker's Compensation and Employment Services.

Chairman Bradley said that they did not as yet have direction from the Governor's office and would probably have to muddle through until they received it. She said she had read in the paper there is a policy of freezing any new employees and a policy of attrition as well. An issue in the budget, the new Workman's Comp fraud investigation unit is clearly violating that policy, is the action of our committee. She said she would probably write a letter pointing out to the Governor's office some of these things that should be brought to his attention.

Chairman Bradley pointed out positions taken by the full committee on Appropriations on State Special funds and concern on statutory appropriations.

DISPOSITION OF EMPLOYMENT SERVICES

EXHIBIT 1.

Vacancy Savings, Job Service Division: (See attachment)

Mr. McKinney gave the handout, EXHIBIT 1 and explained the sheets. He said table 2 the positions were listed that would be eliminated by the Appropriations committee, the following sheet was an FTE work sheet and the following was a list of the individual positions. He said the LFA budget has a high vacancy savings but not too many positions eliminated, the Executive budget that eliminated about 25 FTE, and the Appropriations Committee action which eliminated about 24.75 FTE. He said the department had made up this list saying they felt it made more sense to eliminate these 19.35 FTE. He said table 1 is based on zero vacancy savings.

Mr. Brian McCullough, (100) Dept. of Labor, said the issue of vacancy savings is a real problem with the turn over in positions, and that there are some vacancy savings but we have the federal funding and projecting our revenues.

Senator Keating said it had been suggested we line item personal services which would possibly avoid spending personal services money on operating expense.

Mr. Huth I would ask some consideration on line item of personal services. This is federal money. Can we revert federal money? Some discussion was held on this being policy, how federal money can be spent, not knowing what the work load will be until the season is on them, not knowing until March what the contingency will be from the federal money, and then running into the vacancy savings problem in March when this all catches up.

In answer to Chairman Bradley's question as to a dollar figure on this, Mr. McCullough answered \$361, 103 and is authority to spend federal dollars.

MOTION: (050). On the Job Service Division, Representative Cobb presented a motion to accept OBPP's recommendation for elimination of FTE's plus the 19.1 where the x's are on the Governor's recommendation as shown on the attached sheet.

Discussion followed. The 9.5 already on the Appropriations Committee list plus all the OBPP, this would be a total of 15.1 additional ones we have eliminated, Mr. Cobb said. Mr. McKinney gave the totals in '90 it would be 304.10 and in '91 302.35.

Motion passed with Reps. Bradley and Cody and Senator Van

Valkenburg dissenting.

A representative from the Labor Department explained the need for the 10 position flexibility because earned positions in the UI had to be funded prior to receiving the funding from the federal government.

Mr. Huth said he felt the misunderstanding had been cleared up yesterday. There had been a big misunderstanding and they hoped the subcommittee would take the proper action. The proposal from the Department is to alleviate the problem, where the Executive took 21.5 FTE, we propose the Legislative action in House Appropriation proposed taking 24.75. We are proposing 19.35 FTE.

MOTION: Motion by Senator Keating to reconsider our action. Voted, PASSED.

MOTION: (577) Senator Keating moved the Executive FTE plus 6. (309.6 + 6. That would be 315.6), in the Job Service Division.

Discussion: Senator Keating said this would put the people back that the Administrative Tax is used for.

Motion was voted, passed, Representative Cobb voting no.

MOTION: Senator Van Valkenburg moved that we add 7.25 FTE back into the UID and accept the Executive level FTE in addition.

Chairman Bradley clarified the motion by saying, on the spread sheet, where you see total FTE cut, on second to bottom line it says 3. That is in essence, what the motion will be. We put back what the House Appropriation cut, then cut 3. Mr. McCullough said these positions relate to the contingency that we are asking be retained.

Substitute Motion by Representative Grinde moved this be cut 4 rather than 3. Voted, 4 no, 3 yes, substitute motion failed.

Vote on original motion Voted, motion failed.

(Tape 2, Side A)

Motion: by Representative Cody (165) we approve 83.65 FTE in the Unemployment Insurance Division. (UID)

Substitute Motion by Representative Grinde that we go with

the Executive proposal of elimination of 4. Voted, passed, Sen. Keating and Rep. Cobb voting no.

#### CENTRALIZED SERVICES

Motion by Representative Cobb to accept the Agency recommendation. Voted, passed, unanimous.

#### VACANCY SAVINGS

Motion by Representative Cobb to take no vacancy savings. Representative Bradley said she did not think they needed a motion since it was the direction to the subcommittee by the full committee. No vote, it will be saved to the end.

Mr. McCullough explained that within the Human Rights and the Employment Relations there is some difference between the Executive and LFA budgets. Within these two there is some per diem compensation paid to board members and that type of thing. In answer to Senator Keating's question Mr. McKinney said there is \$12,903 in FY'90 in the Executive and \$16,100 in the LFA budget.

Motion by Senator Keating to approve the Executive budget. voted, passed, unanimous.

Mr. McKinney explained part B as the same issue, it is the Human Rights Bureau. \$3,000 per year in the Executive and \$2,321 in the LFA.

Motion: by Senator Keating to accept the Executive recommendation. Voted, passed, unanimous.

#### ADMINISTRATION TAX

Motion by Senator Van Valkenburg that we utilize the Administration tax as originally set out in the Executive budget which includes funding the Human Rights Division. He said the Administration tax in the Executive budget proposes spending \$1.6 million per year to fund the Dept. of Labor.

Senator Van Valkenburg said Mr. McCullough advised him that with the Human Rights Division the Administration tax funding is about \$1.8 million per year, the savings to the general fund ends up being approximately \$1.1 million each year.

Voted, failed, 4 no, 3 yes.

Motion by Senator Keating that the Administration tax cover Job Service, Employment Relations, Employment Policy in program 50 to the \$1.6 plus in '90 and 91. This would fund Human Rights out of general fund.

Voted, passed, Representative Cobb voted no.

(During 10 minute break tape turned. Go to Tape 3, A)

Motion by Representative Cobb to approve the Executive level on operating expenses for Job Service.

Voted, passed, unanimous.

#### EQUIPMENT

Motion by Representative Cobb to accept the Executive recommendation for equipment.

Voted, passed, unanimous.

#### NON-OPERATING EXPENSES

Motion by Senator Van Valkenburg to approve the Executive level, the rest of the money is being presented to the Long Range Planning committee.

Voted, passed, unanimous.

#### UNEMPLOYMENT INSURANCE. Operating Expenses (075)

Senator Van Valkenburg said he believed the LFA budget the base year used to determine current level had a \$120,000 lower expenditure because of lower unemployment. He asked if this were state special revenue or federal revenue and was told it is 100% federal revenue. He then said he felt there would be no problem with a budget amendment if the work load should go up. He was told they are now at the lowest level ever and expected to rapidly return to a more normal level.

Motion by Senator Van Valkenburg to accept the LFA figures for operating expenses for UI.

Voted, passed, unanimous.

Motion by Rep. Cobb to accept the current level Executive on equipment.

Voted, passed, unanimous.

CENTRALIZED SERVICES, Operating Expenses.

Motion: Motion by Senator Van Valkenburg to accept the Executive recommendations on operating expenses for Centralized Services.

Voted, passed, Representative Cobb voting no.

EQUIPMENT.

Motion Representative Cobb moved to accept the Executive recommendations for equipment.

Voted, passed, unanimous.

Operating Expenses.

Motion: (235) Motion by Representative Grinde that we accept the LFA recommendations.

Voted, passed, one dissenting vote.

Equipment.

Motion: Motion by Representative Cobb we accept the Executive recommendations for equipment, and the figures be brought up to correspond.

Voted, passed, unanimous.

Page 14, the Level of FTE.

Motion by Senator Keating to accept the Executive recommendations.

Voted, passed, unanimous.

Chairman Bradley said the Modified was a bit more difficult, there was an Attorney General opinion dealing with the coverage of the prevailing wage laws, which opinion extended it from construction contracts to service contracts and the cost of the expansion is what we are dealing with.

Motion by Senator Van Valkenburg to approve this modified and another in here dealing with this issue down in Employment policy for the reason that present law requires the department to do this. There is a bill in on this, and if the bill doesn't pass we have to have the money in the budget.

Voted, passed, Representative Cobb voting no.

Modified 2.

Motion by Senator Van Valkenburg that this modified be approved.

Voted, passed, Representative Cobb and Senator Keating voting no.

EMPLOYMENT POLICY. (380) Personal Services.

Motion by Representative Cobb to accept the current level LFA budget recommendation.

At the request of Chairman Bradley, Mr. McKinney clarified this item. These are positions that were transferred to Employment Policy during the year. I took them out because they were not a level approved at the last Legislature. They are there at present.

Senator Keating asked what they are doing, and Sue Mohr said those positions are, directly after the division was re-organized 2 years ago we had a Legislative Audit report that came out that was fairly critical of Job Training Programs and one of the recommendations was to hire a monitor. That is one of the positions. In addition we are staffing 5 job training councils around the state and they hire us under a hiring agreement to work for them.

Senator Keating asked if they were eliminated if they had someone to fill in for staffing. He was told they would lay those people off, and could not fill the positions. She said they had no vacancies in those positions. Senator Keating said the narrative says transferred from job service. If they were transferred, then the positions they had held weren't replaced with something else? Mr. McKinney said they were transferred, but it had not been approved by the Legislature.

Motion by Representative Cobb was withdrawn and a new motion to accept the Executive recommendations.

Voted, passed, unanimous.

Operating Expenses.

Rep. Cobb asked about the consulting fees. Is the money to be awarded from the Council or just left in Job Training and given as needed. Sue Mohr said they are asking for the authority to have that money in their

budget. Our Council monitors quarterly and their goal is to save as much money in their administration as possible. This year the savings from that budget which was about \$350,000 was used to fund 4 AFDC models in the state. If the Legislature had not given us the authority 2 years ago for operating costs to make those savings we couldn't have awarded the funds. The list you have is the kind of projects we would probably fund based on the savings we have in that fund. She said it is working out real well with Welfare Reform.

Senator Keating asked what type of funds these were, and was told they are federal JTPA funds.

Motion by Senator Van Valkenburg to approve the Executive level.

Voted, passed, unanimous. It will be listed in operating. Equipment (674).

Motion by Representative Cobb to accept the Executive level.

Voted, passed, Chairman Bradley voting no.

The Modified for funds requested are for a survey through an Employment Training grant identifying prevailing wage rates for the Federal.

Motion by Senator Van Valkenburg to move the approval of the modified.

Voted, passed, unanimous.

HUMAN RIGHTS COMMISSION. Personal Services.

FTE level. Motion by Senator Van Valkenburg to approve the FTE level at 9 as in each budget.

Voted, passed, unanimous.

Operating Expenses

Motion by Senator Van Valkenburg to accept the LFA recommendations.

Voted, passed, unanimous.

Equipment.

Motion by Representative Cobb to accept the Executive recommendations for '90-'91.

Voted, passed, unanimous.

Modified on Housing Grant, permission to use the balance.

Motion by Senator Van Valkenburg for approval.

Voted, passed, unanimous.

Second Modified.

Motion by Senator Van Valkenburg for approval.

In an answer to a question Senator Van Valkenburg said that based on the action of the committee earlier, this motion is based on general fund.

Voted, passed, Senator Keating voting no.

Chairman Bradley said the next issue is on the level of grant authority and asked Mr. McKinney to address it. He said the LFA level is significantly higher based on earlier estimates as to how much would become available. The Executive is downward and closer to the actual amount they will receive. Mr. McCullough said there was a public issue here which dealt with AFDC child care which is general fund. He said the LFA reflects the current level of expenditures. It was slow in starting, and that is the reason for the approximately \$100,000 difference.

Motion by Representative Cobb to approve the Executive recommendations.

Voted, passed, unanimous.

Displaced Homemakers and New Horizons.

Senator Van Valkenburg said he was concerned that the Executive budget tied funding for this program to the marriage dissolutions which occurred during 1988 which made a real historical change in the pattern of marriage dissolutions.

Motion by Senator Van Valkenburg to fund at current level general fund money instead of tying it to what is coming into the state coffers in terms of marriage dissolution fees. He said the second part is that the New Horizons had a slow start up and he would ask that the motion here with respect to funding use the first 6 months of fy '89 to determine the current level of the New Horizons program.

Representative Bradley asked if there wasn't also a question of match. Sue Mohr said they have planned to use the New Horizon funds as match. The Feds have welfare reform on line and we are looking for match for the jobs portion of that program.

Mr. McCullough said taking into consideration the revenues were anticipated in the previous biennium I will give you these figures. As far as the Displaced Homemaker program was \$216,000, the New Horizons \_\_\_\_\_ it was \$27,095, as far as the AFDC Child Care, it was \$110,000. That is a total of \$353,095 which if you look at the current level would be in excess of the Executive as well.

Mr. Huth said in the Executive they based the current level funding for the next biennium off money that was brought in on dissolution of marriage fees, which in HB 460 increased the fees from \$25 to \$100 and broke out where this money went to. He gave more information on what had happened.

Tape 3, Side 2, (000)

Mr. Huth said he would leave the funding up to the subcommittee as to whether you wanted to fund them at the past level and supplement the funds that are coming into the state now, with general fund to maintain that level.

Motion Senator Van Valkenburg said that is his motion. I want general fund for Displaced Homemakers set at \$216,000. For AFDC at \$110,000, and the New Horizons at \$27,095.

Voted, passed, unanimous.

Motion by Representative Cobb that the Administrative tax be used instead of general fund.

Voted, passed, unanimous.

Representative Bradley said they would postpone the first JTPA modified until they take up SRS but will take up the second modified for additional federal funding authority.

Motion by Senator Van Valkenburg to approve the modified.  
Page 34.

Voted, passed, unanimous.

Chairman Bradley said they would postpone the last part until they get to SRS.

(560) There was some discussion on problems on the language in the Appropriations act, relative to Job Service and the Administration tax. I think Evan can address this in regard to the procedural aspect. The proposed language that was in your handout.

Mr. McKinney said in the Appropriations Act, last session there was language which specified that if Federal support of Job Service decreased that could be offset with UI Administration tax. They did come in and get support to do that. Given our actions today, we have used up a lot of the Administration tax, and we should probably hold that until we are go through the SRS and know what we have left.

Representative Cobb said he would bring it up now and make the motion later. He said the motion was on the UI Administration tax. I wanted to reconsider, instead of giving \$1.6 million divided between the four groups, to give it to Job Service to keep that budget the same. He said that would free up about \$1.6 million of Job Training money to be used like a pot to be used for New Horizons to be used for Vo Tech schools, etc. Job Service is not necessarily the best place to train, it could be Vo-techs. We would still have to pay general fund money for the other programs in Labor, but it is a way to free up money for this. He said he would write this up and bring it up later.

Sue Mohr said they would like to see what the proposal looks like up front. We do need some sort of State Special funds to make this match, federal funds won't work for Displaced Persons and New Horizon programs. The way the Private Industry Councils pass out funds, it seems we may have some problems in federal law in terms of the Legislature's authority to come in and direct the way they would fund them.

Chairman Bradley asked Representative Cobb to work on this proposal with other interested parties and the Department to find out what can be done.

Tape ends at 771, B.

ADJOURNMENT

Adjournment At: 11:30 a.m.

  
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REP. DOROTHY BRADLEY, Chairman

DB/sk

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DEPARTMENT OF LABOR AND INDUSTRY  
 Appropriations Committee Policy  
 Personal Services

1. Vacancy Savings

The policy of the Appropriations Committee is to set all vacancy savings rates at zero. The personal services for LFA and executive budget with a zero vacancy savings rate are summarized in Table 1.

Table 1  
 Executive and LFA budgets without vacancy savings

	----- Fiscal 1990 -----			----- Fiscal 1990 -----		
	<u>LFA</u>	<u>Executive</u>	<u>Variance</u>	<u>LFA</u>	<u>Executive</u>	<u>Variance</u>
Job Service	\$ 8,164,893	\$ 7,837,840	\$(327,053)	\$ 8,181,020	\$ 7,816,412	\$(364,608)
Unemployment Ins.	2,002,878	1,945,233	(57,645)	2,007,941	1,950,267	(57,674)
Central Services	1,838,283	1,823,413	(14,870)	1,842,274	1,827,391	(14,883)
- Employment Relations	1,492,806	1,489,609	(3,197)	1,494,600	1,491,403	(3,197)
Employment Policy	1,163,286	1,242,715	49,851	1,196,826	1,246,823	49,997
- Human Rights	246,330	247,009	679	246,433	247,255	822
JTPA	-0-	-0-	-0-	-0-	-0-	-0-
Gen. Ast. Training	538,875	538,875	-0-	539,594	539,594	-0-
<b>Total</b>	<u>\$15,447,351</u>	<u>\$15,124,694</u>	<u>\$(352,235)</u>	<u>\$15,508,688</u>	<u>\$15,119,145</u>	<u>\$(389,543)</u>

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All remaining variances between the LFA and executive budgets are attributable to a variance in the number of positions, except that:

- a) The LFA budget for other compensation in the Employment Relations Division is \$6,394 greater than the executive budget;
- b) The LFA budget for other compensation in the Human Rights Division is \$1,358 greater than the executive budget.

## 2. Elimination of Vacant Positions

The policy of the Appropriations Committee is to eliminate the following vacant positions:

Table 2  
Positions eliminated by Appropriations Committee action

<u>Position No.</u>	<u>Title</u>	<u>FTE</u>	<u>General Fund</u>	<u>Other</u>
01132	Employment Specialist	1.00	\$ -0-	\$23,882
03803	Accounting Specialist III	1.00	-0-	23,870
01190	Employment Interviewer	1.00	-0-	22,229
01171	Employment Specialist	1.00	-0-	30,572
02083	Claims Clerk II	1.00	-0-	18,119
03043	Programmer/Analyst II	1.00	-0-	25,943
92495	Office Clerk I	2.00	-0-	31,500
02087	Accounting Specialist II	1.00	-0-	22,229
02106	Auditor II	1.00	-0-	22,250
01816	Employment Interviewer	0.50	-0-	11,052
01321	Employment Interviewer	1.00	-0-	20,775
02086	Accounting Specialist I	1.00	-0-	20,724
01312	Employment Interviewer	1.00	-0-	23,904
02001	Accounting Clerk II	1.00	-0-	15,958
02058	Claims Clerk I	1.00	-0-	15,958
04209	Compliance Specialist II	1.00	22,250	0
03085	Data Entry Supervisor	1.00	-0-	16,973
02025	Claims Clerk II	1.00	-0-	18,119
01306	Switchboard Operator	1.00	-0-	14,152
03901	Employment Interviewer Supvr.	1.00	-0-	23,870
91495	Office Clerk I	3.00	-0-	42,000
02052	Clerk Supervisor I	1.00	-0-	16,982
<b>Total</b>		<b><u>24.50</u></b>	<b><u>\$22,250</u></b>	<b><u>\$467,513</u></b>

3. Executive Issues

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4. Committee Issues

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Committee Action

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FTE WORKSHEET

----- Fiscal Year 1990 -----

Program	LEA Budget	Committee Adjustments	Committee Level
Job Service	328.70		
Unemployment Ins	88.90		
Central Services	69.00		
Employment Relations	53.50		
Employment Policy	41.00		
Human Rights	9.00		
JTPA	0.00		
Gen Asst Training	25.30		
	615.40		

----- Fiscal Year 1991 -----

Program	LEA Budget	Committee Adjustments	Committee Level
Job Service	328.70		
Unemployment Ins	88.90		
Central Services	69.00		
Employment Relations	53.50		
Employment Policy	41.00		
Human Rights	9.00		
JTPA	0.00		
Gen Asst Training	25.30		
	615.40		

DEPARTMENT OF LABOR AND INDUSTRY  
12/29/88

DIVISION	CLASSIFICATION	POSITION NUMBER	FTE	DOLLAR	LFA	OBPP	LEGISLATURE	AGENCY CUT	DATE FILLED
JSD	EMPLOYMENT INTERVIEWER SUPRV	01132	1.00	23,882			X		12-08-88
JSD	EMPLOYMENT SPECIALIST	01190	1.00	22,229			X	1	22229 01-03-89
JSD	EMPLOYMENT MANAGER III	01171	1.00	30,572			X		12-05-88
JSD	EMPLOYMENT INTERVIEWER	01816	0.50	11,052			X	0.5	11052 VACANT
JSD	EMPLOYMENT INTERVIEWER	01321	1.00	20,775			X	1	20775 12-06-88
JSD	EMPLOYMENT COUNSEL II	01312	1.00	23,904			X	1	23904 12-27-88
JSD	SWITCHBOARD OPERATOR I	01306	1.00	14,152			X		12-23-88
JSD	OFFICE CLERK I	01495	3.00	40,112			X	3	40112 VACANT
JSD	SECRETARY I	01811	1.00	15,958			X		12-05-88
JSD	TRANSFERRED TO EPD	01307	1.00				X		VACANT
JSD	OFFICE CLERK II	01145	1.00	14,152			X		12-19-88
JSD	EMPLOYMENT INTERVIEWER	01494	6.50	134,704			X		USED 80.0
JSD	ACCOUNTING TECH I	01361	1.00	9,499			X		12-12-88
JSD	EMPLOYMENT SPEC	01341	0.10	2476	F191		X	0.1	2476 FILLED
JSD	EMPLOYMENT SPEC	01341	0.90	22285			X	0.9	22285 FILLED
JSD	RECEPTIONIST I	01368	1.00	14128			X		14128 FILLED
JSD	RECEPTIONIST I	01222	1.00	15012			X	1	15012 FILLED
JSD	EMPLOYMENT INTERVIEWER	01001	1.00	19586			X	1	19586 FILLED
JSD	RECEPTIONIST I	01102	1.00	15057			X	1	15057 FILLED
JSD	RECEPTIONIST I	01165	1.00	13948			X	1	13948 FILLED
JSD	SECRETARY I	01279	0.85	14863	F191		X	0.85	14863 FILLED
TOTAL FTE CUT				0	19.1		9.5	13.35	235427
UID	CLAIMS CLERK II	02083	1.00	18,119			X		VACANT
UID	OFFICE CLERK I	02495	2.25	29,739			X		12-30-86
UID	ACCOUNTING SPECIALIST II	02087	1.00	22,229			X	1	22229 VACANT
UID	AUDITOR II	02106	1.00	22,250			X		VACANT
UID	ACCOUNTING SPECIALIST I	02086	1.00	20,774			X	1	20774 VACANT
UID	ACCOUNTING CLERK II	02001	1.00	15,958			X	1	15958 VACANT
UID	CLAIMS CLERK I	02058	1.00	15,958			X		12-13-88
UID	CLAIMS CLERK II	02025	1.00	18,119			X		VACANT
UID	CLERK SUPRV I	02052	1.00	16,982			X		VACANT
UID	STATISTICAL CLERK I	02071	0.25	3,990			X		VACANT
UID	STATISTICAL CLERK I	02071	0.75	11,969			X		VACANT
TOTAL FTE CUT				0	4		10.25	3	
CSD	ADMINISTRATIVE OFFICER II	03806	1.00	25,981			X	1	25981 VACANT
CSD	ACCOUNTING SPECIALIST III	03803	1.00	23,882			X		12-05-88
CSD	PROGRAM/ANALYST II	03043	1.00	25,956			X		VACANT
CSD	DATA ENTRY SUPV I	03085	1.00	16,982			X	1	16982 VACANT
CSD	EMPLOYMENT INTVWR SUPV	03901	1.00	23,882			X	1	23882 VACANT
TOTAL FTE CUT				1	2		4	3	
ERD	COMPLIANCE SPECIALIST II	04209	1.00	22,250			X		VACANT
TOTAL FTE CUT				0	0		1		
TOTAL FTE CUT				1	25.1		24.5	19.35	361183

*Handwritten note:* - done per \$0

January 10, 1989

BUDGET INFORMATION FOR EMPLOYMENT POLICY DIVISION

Contracted Services

The following discusses the items that make up the difference between the executive request and the LFA which is \$274,000 in FY90 and \$358,000 in FY91. This authority to spend is needed to conduct special projects at the request of Job Training Councils.

1. Literacy of JTPA-eligible participants has a profound effect on their ability to get and hold jobs that can provide a living wage. With the changing economy and technology workers must accomodate, there is a substantial need to provide adequate remedial training for workers, particularly those unable to compete in the job market of today. Latest projections are that workers will be forced to change careers at least five times in their work lives in response to changing technology. Illiteracy virtually guarantees workers will be unable to cope with these changes without remedial training in areas such as reading, writing and arithmetic.

With encouragement of the U.S. Department of Labor, the Job Training Councils will study the problem of illiteracy among JTPA-eligible participants, and proposed a project to provide literacy assessment and remediation for participants. The anticipated effect of the project will be to improve the literacy rate of participants and lower the rate of dependence on public assistance by helping people become more competitive in the changing job market. This project will be coordinated with requirements in the new Family Support Act (federal welfare reform) as well as other JTPA programs.

Cost: \$75,000 in 90; \$150,000 in 91. National Institute of Education, Dec. 1985, estimates 41,984 Montanans are illiterate, which is an illiterate rate of 8% of those age 20 and over. JTPA serves, in all titles, approximately 7,000 per year; 8% illiteracy equates to 568 persons per year, although JTPA-eligible individuals may have a higher rate than the state average. A model project could serve approximately 30 people at two sites in FY90 at an average cost of \$1,250 per enrollee; and 130 people at four sites in FY91 at an average cost of \$1,154.

2. In cooperation with literacy needs, many JTPA-eligible participants need effective long-term classroom training in specific skill areas to become employable. However, many of those participants who need classroom training the most, are unable to function adequately in a classroom setting. Many

participants may be school drop-outs, or have other negative associations with formal schooling. For this reason, the Job Training Councils are interested in pursuing a model project to assess current classroom strategies and design more effective training programs that are suitable to the needs of the targeted clients. It is anticipated this project, which will be coordinated with the new Family Support Act (federal welfare reform), will significantly affect rates of dependence on public assistance for those participants.

Cost: \$75,000 in FY90; \$75,000 in FY91. This model program could serve 30 people per year at an average cost of \$1,250. Information would be produced that would then be integrated into the JTPA service delivery system to provide more accessible classroom training for these individuals.

3. At the request of the Women in Employment Advisory Council, \$8,000 per year will be provided to support Governor's Conferences on issues related to women and employment. The funding will provide honorarium and travel support for major speakers, and other conference expenses. The conferences will provide the opportunity for business people and employees to learn more about cost-effective approaches to helping families and single parents take advantage of business opportunities in the areas of health insurance, day care, training and aging issues. Currently, these issues are of vital importance both to employees and small business owners.
4. Implementation of the JOBS portion of the Family Support Act requires a coordinated effort among several state and federal agencies. A great deal of research is available on effectiveness of certain approaches to welfare reform implementation in those states where significant progress was made with state-funded models. The State of Montana needs to take advantage of the best information currently available on effectiveness of various strategies. The most cost-effective way of doing this is to invite experts from other states and national job training organizations to consult with and assist us in the implementation. In addition, the consultants will be able to provide training for local program operators and Council members, saving the cost for those local agencies to send their staff out-of-state for the necessary training. (Cost: \$24,618 in FY90; \$21,615 in FY91).
5. Six percent of JTPA Title IIA is required to be used to provide incentives and technical assistance for program operators to encourage high quality program performance. Technical assistance and training for program operators helps local program staff improve systems and skills involved in direct services and training for JTPA-eligible participants. An additional \$15,000 in FY90 and \$24,000 in FY91 will be needed to provide training to program operator staff in areas

such as literacy assessment and remediation techniques, counseling and employability planning, program management, financial systems management, jobs retention skills and job development skills. This additional training is in response to several changes in federal law, both through the Family Support Act and the Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act, which replaces old requirements in Title III of JTPA.

6. A major effort will be made to upgrade the technology for managing participant data base information of the Management Information System. The division will contract with a professional automation firm in FY90 and FY91 at a cost of \$76,500 per year to research MIS needs and design and implement an updated system. Because of several changes in federal and state law and Council policy, the division anticipates having at least seven\* different computer systems in place by FY90 to monitor participation by clients in various job training programs operated by the division. Because of the growing complexity of the systems, as well as the need to integrate information to more accurately assess program performance, the computer system needs to be redesigned to be more efficient and cost-effective. At the same time, the growth in use of personal computers makes it timely to incorporate local area network systems of personal computers into the overall Management Information System. A network system will allow for automated data input by local program operator staff, which will reduce state costs associated with data entry, corrections, reporting and similar functions.

A contract for consulting will be let for 1,700 hours of work per year at \$45 per hour to accomplish the system analysis, design and implementation.

\* (1) JTPA Title IIA/B; (2) JTPA Title III EDWAAA; (3) Project Work Program; (4) AFDC Model/JOBS welfare reform program; (5) Apprenticeship program; (6) SBAS fiscal system; (7) JTPA/PWP expenditure accounting system (Lotus)

DEPARTMENT OF LABOR AND INDUSTRY  
 HANDOUT NUMBER 3 - UPDATED JANUARY 11, 1989

Executive Budget  
 UI Administrative Tax/Penalty and Interest Revenues

Function	FY 90	FY 91
Job Service		
Replace lost federal funds	347,457	347,092
Employment Relations		
Personnel Appeals	298,599	297,086
Investigations/Wage Claims	364,955	363,106
Prevailing Wage-- Mod--	30,512	30,492
Citizen Board--Mod--	3,000	3,000
Employment Policy		
Apprenticeship	191,672	195,296
Prevailing Wage	20,000	0
Prevailing Wage--Mod--	20,499	40,172
Program 50 Grants		
Dislocated Worker	324,000	359,806
	-----	-----
Total Admin Tax in Exec Budget	1,600,694	1,636,050
	=====	=====
Less:		
Non General Fund		
Job Service	-347,457	-347,092
Apprenticeship	-191,672	-195,296
Dislocated Worker	-209,000	-209,000
	-----	-----
General Fund Savings	852,565	884,662
	=====	=====

Note: FY88 current level used for Dislocated Worker because amounts over \$209,000 would have to come from General Fund instead of P&I. Increase is needed for JTPA and JOBS match.

## DEPARTMENT OF LABOR &amp; INDUSTRY

## DIVISION OF WORKERS' COMPENSATION

TED SCHWINDEN, GOVERNOR

MARGARET "PEG" CONDON BLDG.  
5 SO. LAST CHANCE GULCH

## STATE OF MONTANA

HELENA, MONTANA 59601

## MEMORANDUM

TO: William Palmer, Interim Administrator  
FROM: Steven J. Shapiro, Chief Legal Counsel  
RE: Investigators - fiscal information  
DATE: January 10, 1989

The 1987 Legislature emphasized that losses in the workers' compensation system must be reduced. Some of the losses come from fraudulent claims by workers and failure to provide coverage or pay premium by employers. The Legislature indicated its intent that such matters be investigated and prosecuted.

Section 45-6-301, MCA, was amended to provide that obtaining workers' compensation or occupational disease benefits by misrepresentation or fraud constitutes a theft which is punishable as a misdemeanor or felony depending on the amount of benefits wrongfully obtained. Section 45-7-501, MCA, was enacted which provides that an employer who fails to provide coverage or pay premium commits the felony offense of employer misconduct.

The Division attempted at first to investigate and prepare its own reports for the county attorneys. These reports were met with some indifference. It was suggested that we use the expertise of the Department of Revenue (DOR) Investigations Bureau which has an existing rapport with the county attorneys.

We contracted individually with several of the DOR investigators to provide services at \$15. per hour with a cap of \$2000. per case, which was the estimated time and rate if the contract was made directly with DOR. The contracts were entered into with the individual investigators because DOR was unable to take on the additional workload with existing staff.

In FY 1988, we opened one investigation. We have opened four investigations so far in FY 1989. I would estimate that we will open 15 new investigations per year once we get this program in regular operation. At \$2000. per investigation, this would amount to \$30,000. per year. DOR has estimated that, on direct contract with us, they can provide a grade 14 investigator to investigate our cases for \$30,000. per year.

SJS/3502t

DIVISION OF WORKERS' COMPENSATION  
Current Level Computer Development

	<u>FY '88</u> <u>Actual</u>	<u>FY '90</u> <u>Request</u>	<u>FY '91</u> <u>Request</u>
<u>New Development (One-Time Expenditures):</u>			
Medical	\$ 6,656	\$ -0-	\$ -0-
Payroll Tax	22,688	-0-	-0-
Compensation Payments	17,248	-0-	-0-
NCCI Reporting	20,896	-0-	-0-
Claims Year-End Reporting	528	-0-	-0-
Minimum Premium	41,303	-0-	-0-
File Locator	27,000	-0-	-0-
Division-wide Mailing Labels	<u>-0-</u>	<u>4,800</u>	<u>-0-</u>
Total Development	<u>\$136,319</u>	<u>\$ 4,800</u>	<u>\$ -0-</u>
<u>Support (Ongoing Costs to Maintain</u> <u>Current Programs):</u>			
Policy Services	\$ 22,400	\$ 14,216	\$ 12,322
Compliance	15,952	13,468	14,322
Medical Payments	79,056	24,690	22,181
Claims	-0-	17,209	32,038
Consultation	-0-*	2,244	2,465
Payroll Tax	<u>13,200</u>	<u>-0-</u>	<u>-0-</u>
Total Support	<u>\$130,608</u>	<u>\$ 71,827</u>	<u>\$ 83,328</u>
<u>Other Expenses:</u>			
Medical Conversion	\$ 10,128	\$ -0-	\$ -0-
Test System Disk	288	-0-	-0-
Training	<u>38</u>	<u>-0-</u>	<u>-0-</u>
Total Other Expenses	<u>\$ 10,454</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Current Level	<u>\$277,381</u>	<u>\$ 76,627</u>	<u>\$ 83,328</u>

\*This activity did take place in '88, but the cost is not broken out separately.

DIVISION OF WORKERS' COMPENSATION  
SUMMARY OF COMPUTER DEVELOPMENT REQUEST  
FOR 90-91

Uninsured Employers' and Employer Compliance System: Provides for better employer identification for mail processing, and for processing of payments on Uninsured claims and fines against uninsured employers. \$50,000

Subsequent Injury Tracking: Will improve management of the Fund, and will provide for timely review of expenditure estimates. \$15,000

Carrier Expenditures Tracking: Will provide improved control and error resolution. \$10,000

Year-End Maintenance and Purge: Will save costs associated with processing and storage of obsolete data and improve systems efficiency. \$45,000

Management Information & Statistics: Will provide reports for better fiscal and procedural management of the State Fund and the Division. \$5,000

Inventory System: Will improve efficiency in the stock room and provide for better records management. \$3,000

Return-to-Work System: Will provide for recordkeeping on claims subject to the Workers' Compensation reform legislation passed last session. \$65,000

Claims Control System: Will relieve file contention for claim files, will improve management information on claims and claimant services. \$65,000

Automated Initial Reserving: Will improve the actuarial reporting system in response to an audit recommendation. \$10,000

Automated Medical Bill Reporting: Will provide for automated submissions of medical billings in response to private sector requests. \$1,000

Automated Medical Profiling: Will improve and simplify the medical system which will expedite benefit payments. \$45,000

Employer Premium Billing System: Will provide for more flexibility in billing for premiums and will improve the billing format in response to private sector requests. \$70,000

Inhouse Experience Rating Plan: Will eliminate delays in application of premium factors eliminating late billing of excess premium due and/or application of credits. \$5,000

Retrospective Rating Plan: Will make possible use of retrospective rating to attract profitable accounts thus improving the solvency of the State Fund. \$15,000

DEPARTMENT OF LABOR & INDUSTRY  
 Employment Services - Job Service

<u>PERSONAL SERVICES - Job Service</u>	<u>1990</u>	<u>1991</u>
Executive FTE	309.60	307.85
LFA Current Level FTE	328.70	328.70
Difference	(19.10)	(20.85)
Executive	7,681,325	7,660,326
LFA Current Level	7,838,781	7,854,264
Difference	(157,456)	(193,938)

LFA budget - page B-42  
 Executive budget - page 320

- - - - - Personal Services Issues - - - - -

1. The executive budget varies from the LFA budget as a result of the following:

a) The executive budget eliminates 14.00 vacant FTE and the positions associated with the federal work incentive program (5.10 FTE in fiscal 1990 and 6.85 in fiscal 1991). Elimination of these positions reduces the personal services budget by \$327,053 in fiscal 1990 and \$364,608 in fiscal 1991.

b) The executive budget uses a 2.0 percent vacancy savings rate while the LFA budget uses a 4.0 percent rate. The higher rate reduces the personal services budget by \$169,597 in fiscal 1990 and \$170,670 in fiscal 1991.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES</u> - Job Service	<u>1990</u>	<u>1991</u>
Executive	2,913,589	2,876,753
LFA Current Level	2,931,489	2,900,280
Difference	(17,900)	(23,527)

LFA budget - page B-42  
 Executive budget - page 320

-----Operating Expenses Issues-----

1. Executive Issues

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2. Committee Issues

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Committee Action

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EQUIPMENT - Job Service

1990

1991

Executive	158,065	103,764
LFA Current Level	159,478	104,970
Difference	(1,413)	(1,206)

LFA budget - page B-42  
Executive budget - page 320

----- -Equipment Issues - -----

1. Executive Issues

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2. Committee Issues

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Committee Action

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NON-OPERATING - Job Service

1990

1991

Executive	22,000	0
LFA Current Level	190,600	221,000
Difference	(168,600)	(221,000)

LFA budget - page B-42

Executive budget - page 320

-----Grants Issues-----

1. The non-operating expenses represent capital projects for Job Service offices, and are included in the long-range building plan.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**FUNDING - Job Service 1988**

**1989**

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
St Special	84,649	85,000	84,637	85,000
Federal	10,690,330	11,035,348	10,556,206	10,995,514

LFA budget - page B-42

Executive budget - page 320

----- Funding Issues -----

1. Executive Issues

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2. Committee Issues

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Committee Action

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DEPARTMENT OF LABOR AND INDUSTRY  
Employment Services - Unemployment Insurance

<u>PERSONAL SERVICES - Unemployment Ins</u>	<u>1990</u>	<u>1991</u>
Executive FTE	84.90	84.90
LFA Current Level FTE	88.90	88.90
Difference	(4.00)	(4.00)
Executive	1,906,394	1,911,327
LFA Current Level	1,922,894	1,927,754
Difference	(16,500)	(16,427)

LFA budget - page B-43  
Executive Budget - page 321

- - - - - Personal Services Issues - - - - -

1. The executive budget varies from the LFA budget as a result of the following:

- a) The executive budget eliminates 4.0 vacant FTE which reduces the budget by \$57,643 in fiscal 1990 and \$57,674 in fiscal 1991.
- b) The executive budget uses a 2.0 percent vacancy savings rate while the LFA budget uses a 4.0 percent rate. The higher rate reduces the budget by \$41,145 in fiscal 1990 and \$41,247 in fiscal 1991.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>EQUIPMENT - Unemployment Ins</u>	<u>1990</u>	<u>1991</u>
Executive	65,000	45,000
LFA Current Level	65,000	45,000
Difference	0	0

LFA budget - page B-43  
Executive Budget - page 321

----- -Equipment Issues - -----

1. Executive Issues

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2. Committee Issues

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Committee Action

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**FUNDING - Unemp Ins 1990**

**1991**

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
Federal	3,270,520	3,184,314	3,233,446	3,136,801

LFA budget - page B-43  
Executive Budget - page 321

----- Funding Issues -----

1. This program is funded entirely from federal unemployment insurance funds.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**DEPARTMENT OF LABOR & INDUSTRY**  
**Employment Services - Centralized Services**

<u>PERSONAL SERVICES - Cent Services</u>	<u>1990</u>	<u>1991</u>
Executive FTE	68.00	68.00
LFA Current Level FTE	69.00	69.00
Difference	(1.00)	(1.00)
Executive	1,786,989	1,790,887
LFA Current Level	1,691,396	1,695,068
Difference	95,593	95,819

LFA budget - page B-44  
 Executive budget - page 322

----- Personal Services Issues -----

1. The executive budget varies from the LFA budget as a result of the following:

a) The executive eliminated 2.00 vacant FTE and the LFA eliminated 1.00 vacant FTE. As a result the executive budget is \$14,870 lower in fiscal 1990 and \$14,883 lower in fiscal 1991.

b) The executive uses a 2.0 percent vacancy savings rate while the LFA used a 8.0 percent rate. The higher rate reduces the budget by 110,463 in fiscal 1990 and \$110,702 in fiscal 1991.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES - Cent Services</u>	<u>1990</u>	<u>1991</u>
Executive	809,437	789,152
LFA Current Level	786,410	726,802
Difference	23,027	62,350

LFA budget - page B-44  
Executive budget - page 322

- - - - -Operating Expenses Issues - - - - -

1. The primary difference between the executive and LFA budgets are:
  - a) The LFA budget for data network services is \$24,000 lower than the executive budget. This occurs because the LFA budget is set at the fiscal 1988 actual level, while the executive includes data network services not utilized in fiscal 1988.
  - b) The LFA budget for information services is \$17,878 lower than the executive budget because the LFA budget does not include subscription fees which cover the cost of on-going technical assistance from the Department of Administration.
  - c) The LFA budget for indirect assessments is \$8,276 lower than the executive budget.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>EQUIPMENT - Cent Services</u>	<u>1990</u>	<u>1991</u>
Executive	43,939	41,650
LFA Current Level	24,981	24,360
Difference	18,958	17,290

LFA budget - page B-44  
 Executive budget - page 322

-----Equipment Issues-----

1. The LFA budget is \$36,248 lower than the executive budget. The LFA budget is set at the level appropriated for the 1989 biennium.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>FUNDING - Cent Svc</u>		1990		1991
	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
St Special	0	2,502,787	0	2,446,230
Federal	2,640,365	0	2,621,689	0

LFA budget - page B-44  
 Executive budget - page 322

----- Funding Issues -----

1. This program is funded by assessments charged against other programs which use the services provided. The LFA budget classified the funds received through the assessments as state special revenue while the executive budget classifies them as federal funds.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**DEPARTMENT OF LABOR & INDUSTRY  
Employment Services - Employment Relations**

<u>PERSONAL SERVICES - Emp Relations</u>	<u>1990</u>	<u>1991</u>
Executive FTE	53.50	53.50
LFA Current Level FTE	53.50	53.50
Difference	0.00	0.00
Executive	1,460,075	1,461,833
LFA Current Level	1,433,738	1,435,460
Difference	26,337	26,373

LFA budget - page B-45  
Executive budget - page 323

- - - - - Personal Services Issues - - - - -

1. The executive budget uses a 2.0 percent vacancy savings rate while the LFA budget uses a 4.0 percent rate. The higher rate reduces the budget by \$52,710.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES</u> - Emp Relations	<u>1990</u>	<u>1991</u>
Executive	552,974	548,259
LFA Current Level	539,583	530,067
Difference	13,291	18,192

LFA budget - page B-45  
 Executive budget - page 323

- - - - -Operating Expenses Issues - - - - -

1. The significant differences between the executive and LFA budgets are:

- a) The executive budget for rent is \$19,330 lower than the LFA budget because included rent expenses for the Workers' Compensation Mediation Panel which was created by the 1987 legislature.
- b) The executive budget includes \$20,000 for computer maintenance contracts. The LFA budget does not include the funding for purchase of the computers so the maintenance contract expenses were also eliminated
- c) The LFA budget for indirect assessments is \$34,226 lower than the executive budget.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>EQUIPMENT - Emp Relations</u>	<u>1990</u>	<u>1991</u>
Executive	41,759	25,600
LFA Current Level	6,000	6,000
Difference	35,759	19,600

LFA budget - page B-45  
Executive budget - page 323

- - - - -Equipment Issues - - - - -

1. The LFA budget is \$55,359 lower than the executive budget. The LFA budget is set at the level appropriated for the 1989 biennium.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>FUNDING - Emp Rel</u>		1990		1991
	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
Gen Fund	0	577,565	0	586,869
St Special	221,542	229,407	221,300	228,915
Federal	1,863,278	1,168,849	1,844,384	1,152,243
Proprietary	3,500	3,500	3,500	3,500
Total	2,088,320	1,979,321	2,069,184	1,971,527

LFA budget - page B-45  
Executive budget - page 323

----- Funding Issues -----

1. The major funding difference is that the executive replaces general fund support with Unemployment Insurance Admin Tax receipts while the LFA budget continues to use general funds.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**MODIFIED REQUEST**  
**Labor & Industry - Employment Relations**

**1. Prevailing Wage-Enforcement Officer (92013)**

This modification would fund the cost of a 1.00 FTE (Enforcement Officer) for work related to an Attorney General opinion which expanded the application prevailing wage laws..

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	25,082	25,090
Operating	5,430	5,402
Equipment	0	0
<b>Total</b>	<b>30,512</b>	<b>30,492</b>
<b>Funding</b>		
Unemployment Admin Tax	30,512	30,512

Committee Issues

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Committee Action

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**MODIFIED REQUEST**  
**Labor & Industry - Employment Relations**

**1. Citizen Board (92016)**

This modification would fund the cost of a citizen board to review all hearing examiner decisions relating to prevailing wage and wage payment acts.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	3,000	3,000
Operating	0	0
Equipment	0	0
<b>Total</b>	<b>3,000</b>	<b>3,000</b>
<b>Funding</b>		
Unemployment Admin Tax	3,000	3,000

Committee Issues

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Committee Action

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**DEPARTMENT OF LABOR & INDUSTRY**  
**Employment Services - Employment Policy**

<u>PERSONAL SERVICES - Emp Policy</u>	<u>1990</u>	<u>1991</u>
Executive FTE	44.50	44.50
LFA Current Level FTE	41.00	41.00
 Difference	 3.50	 3.50
 Executive	 1,218,606	 1,222,668
LFA Current Level	1,163,286	1,167,230
 Difference	 55,320	 55,438

LFA budget - page B-47  
 Executive budget - page 324

----- Personal Services Issues -----

1. The executive budget varies from the LFA budget as a result of the following:

- a) The LFA budget eliminates 3.50 FTE that were transferred to the division from Job Service during the 1989 biennium, which reduces the budget by \$49,851 in fiscal 1990 and \$49,997 in fiscal 1991.
- b) The executive uses a 2.0 percent vacancy savings rate while the LFA uses a 2.4 percent rate. The higher rate reduces the budget by \$5,469 in fiscal 1990 and \$5,441 in fiscal 1991.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES</u> - Emp Policy	<u>1990</u>	<u>1991</u>
Executive	1,147,422	1,236,994
LFA Current Level	844,984	848,693
Difference	302,438	388,301

LFA budget - page B-47  
 Executive budget - page 324

-----Operating Expenses Issues-----

1. The significant differences between the executive and LFA budgets are:

- a) The executive budget includes \$622,047 in consulting fees for special studies and projects that are not included in the LFA budget.
- b) The executive budget includes \$38,295 in data processing services and \$25,050 in data processing supplies that are not included in the LFA budget.
- c) The LFA budget includes \$27,814 more for travel than in included in the executive budget.
- d) The executive budget for indirect assessments is \$58,861 higher than the LFA budget.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>EQUIPMENT - Emp Policy</u>	<u>1990</u>	<u>1991</u>
Executive	182,155	197,805
LFA Current Level	42,570	42,570
Difference	139,585	155,235

LFA budget - page B-47  
 Executive budget - page 324

-----Equipment Issues-----

1. The LFA budget for equipment is \$294,820 lower than the executive budget. The LFA budget is set at the level appropriated for the 1989 biennium.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**FUNDING - Emp Policy 1990**

**1991**

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
Federal	2,548,183	2,050,840	2,657,467	2,058,493

LFA budget - page B-47

Executive budget - page 324

----- Funding Issues -----

1. Executive Issues

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2. Committee Issues

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Committee Action

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**MODIFIED REQUEST**  
**Labor & Industry - Employment Policy**

**1. Prevailing Wage (92014)**

This modification would fund 0.50 FTE in fiscal 1990 and 1.50 FTE in fiscal 1991 for work related to an Attorney General opinion which expanded the application prevailing wage laws.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	14,181	37,572
Operating	6,318	2,600
Equipment	0	0
<b>Total</b>	<b>20,499</b>	<b>40,172</b>
<b>Funding</b>		
Unemployment Admin Tax	20,499	40,172

Committee Issues

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Committee Action

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**DEPARTMENT OF LABOR & INDUSTRY  
Employment Services - Human Rights**

<u>PERSONAL SERVICES</u> - Human Rights	<u>1990</u>	<u>1991</u>
Executive FTE	9.00	9.00
LFA Current Level FTE	9.00	9.00
Difference	0.00	0.00
Executive	242,134	242,375
LFA Current Level	237,408	237,533
Difference	4,726	4,842

LFA budget - page B-49  
Executive budget - page 325

- - - - - Personal Services Issues - - - - -

1. The executive budget is \$9,568 higher than the LFA budget because the executive uses a 2.0 vacancy savings rate while the LFA uses a 4.0 percent rate.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES - Human Rights</u>	<u>1990</u>	<u>1991</u>
Executive	89,690	88,668
LFA Current Level	88,789	87,498
Difference	901	1,170

LFA budget - page B-49  
Executive budget - page 325

----- -Operating Expenses Issues -----

1. Executive Issues

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2. Committee Issues

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Committee Action

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<u>EQUIPMENT - Human Rights</u>	<u>1990</u>	<u>1991</u>
Executive	11,225	0
LFA Current Level	556	0
Difference	10,669	0

LFA budget - page B-49  
 Executive budget - page 325

----- -Equipment Issues -----

1. The executive budget includes funding \$10,669 for single user computers that were not included in the LFA budget.

2. Executive Issues

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3. Committee Issues

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Committee Action

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FUNDING - Human Rights 1990

1991

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>	
Gen Fund	0	224,960	0		221,989
Federal	343,049	96,000	331,043		96,000

LFA budget - page B-49

Executive budget - page 325

----- Funding Issues -----

1. The executive budget replaces general fund support with Unemployment Insurance Admin Tax receipts while the LFA budget continues to use general fund.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**MODIFIED REQUEST**  
**Labor & Industry - Human Rights**

**1. Fair Housing Grant (92011)**

This modification would authorize the Human Rights Division to use the remaining balance of a Fair Housing Grant received in September of 1988. The grant allows the division to assist individuals with complaints about housing discrimination.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	0	0
Operating	44,969	0
Equipment	0	0
<b>Total</b>	<b>44,969</b>	<b>0</b>
<b>Funding</b>		
Federal	44,969	0

Committee Issues

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Committee Action

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**MODIFIED REQUEST**  
**Labor & Industry - Human Rights**

**1. Outreach (92015)**

This modification would fund an outreach program to assist Montana employers, landlords, and others regarding their rights and responsibilities under the Montana Human Rights Act.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	0	0
Operating	5,000	5,000
Equipment	0	0
<b>Total</b>	<b>5,000</b>	<b>5,000</b>
<b>Funding</b>		
General Fund	5,000	5,000

Committee Issues

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Committee Action

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DEPARTMENT OF LABOR & INDUSTRY  
Employment Services - JTPA

<u>GRANTS</u>	<u>1990</u>	<u>1991</u>
Executive	8,157,660	8,106,099
LFA Current Level	10,285,778	11,285,550
Difference	(2,128,118)	(3,290,189)

LFA budget - page B-50  
Executive budget - page 327

-----Grants Issues-----

1. The grant authority relates entirely to federal Job Training Partnership Act grants. The LFA budget accepts the Department's request, which is based on their estimate of available federal funding. The executive budget reduces this request by \$5.4 million.

2. Executive Issues

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3. Committee Issues

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Committee Action

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FUNDING - JTPA

1990

1991

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
Gen Fund	275,738	165,000	275,738	165,000
Fed & Other	<u>7,881,922</u>	<u>10,120,778</u>	<u>7,830,361</u>	<u>11,120,550</u>
Total	8,157,660	10,285,778	8,106,099	11,285,550

LFA budget - page B-50

Executive budget - page 327

----- Funding Issues -----

1. The general fund supports the Displaced Homemakers and New Horizons programs. A portion of marriage dissolution fees goes to the general fund to support these programs, and the LFA budget sets the general fund authority at a level approximating the amount of revenue received in fiscal 1988.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**MODIFIED REQUEST  
Labor & Industry - JTPA**

**1. Outreach (92002)**

This modification would fund development of an AFDC model project relating to the federal welfare reform, and includes 3.00 FTE.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	76,674	76,811
Operating	56,007	67,147
Equipment	3,500	0
Grants	1,051,062	2,455,251
<b>Total</b>	<b>1,187,243</b>	<b>2,599,209</b>
<b>Funding</b>		
General Fund	0	343,447
Federal	1,187,243	2,255,762

Committee Issues

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Committee Action

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**MODIFIED REQUEST  
Labor & Industry - JTPA**

**1. JTPA Increase (92010)**

This modification would provide additional federal funding authority for the JTPA program.

	<u>1990</u>	<u>1991</u>
<b>Expenditures</b>		
Personal Services	0	0
Operating	0	0
Equipment	0	0
Grants	914,000	1,896,000
<b>Total</b>	<b>914,000</b>	<b>1,896,000</b>
<b>Funding</b>		
Federal	914,000	1,896,000

Committee Issues

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Committee Action

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**DEPARTMENT OF LABOR & INDUSTRY**  
**Employment Services - General Assistance Training**

<u>PERSONAL SERVICES</u>	<u>1990</u>	<u>1991</u>
Executive FTE	25.30	25.30
LFA Current Level FTE	25.30	25.30
Difference	0.00	0.00
Executive	528,147	528,851
LFA Current Level	517,419	518,109
Difference	10,728	10,742

LFA budget - page B-51

Executive budget - page 328

- - - - - Personal Services Issues - - - - -

1. The executive budget uses a 2.0 vacancy savings rate while the LFA budget uses a 4.0 percent rate. The higher rate reduces the budget by \$10,728 in fiscal 1990 and \$10,742 in fiscal 1991.

2. Executive Issues

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3. Committee Issues

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Committee Action

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<u>OPERATING EXPENSES - Gen Asst Trng</u>	<u>1990</u>	<u>1991</u>
Executive	205,105	203,109
LFA Current Level	206,230	205,748
Difference	(1,125)	(2,639)

LFA budget - page B-51  
 Executive budget - page 328

-----Operating Expenses Issues-----

1. Executive Issues

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Committee Issues

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Committee Action

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GRANTS - Gen Asst Trng

1990

1991

Executive	1,505,871	1,505,988
LFA Current Level	858,200	858,200
Difference	647,671	647,788

LFA budget - page B-51

Executive budget - page 328

-----Grants Issues-----

1. The LFA budget sets grant authority at the level used in fiscal 1988, while the executive uses an expanded grant level.

2. Executive Issues

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3. Committee Issues

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Committee Action

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**FUNDING - G.A. Trng 1990**

**1991**

	<u>Exec</u>	<u>LFA</u>	<u>Exec</u>	<u>LFA</u>
Gen Fund	788,676	790,925	788,676	791,029
Federal	1,450,447	790,924	1,449,272	791,028

LFA budget - page B-51  
Executive budget - page 328

----- Funding Issues -----

1. The LFA budget funds the program at current level and divides the funding authority between general fund authority and federal authority based on the anticipated federal reimbursement level.

2. Executive Issues

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2. Committee Issues

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Committee Action

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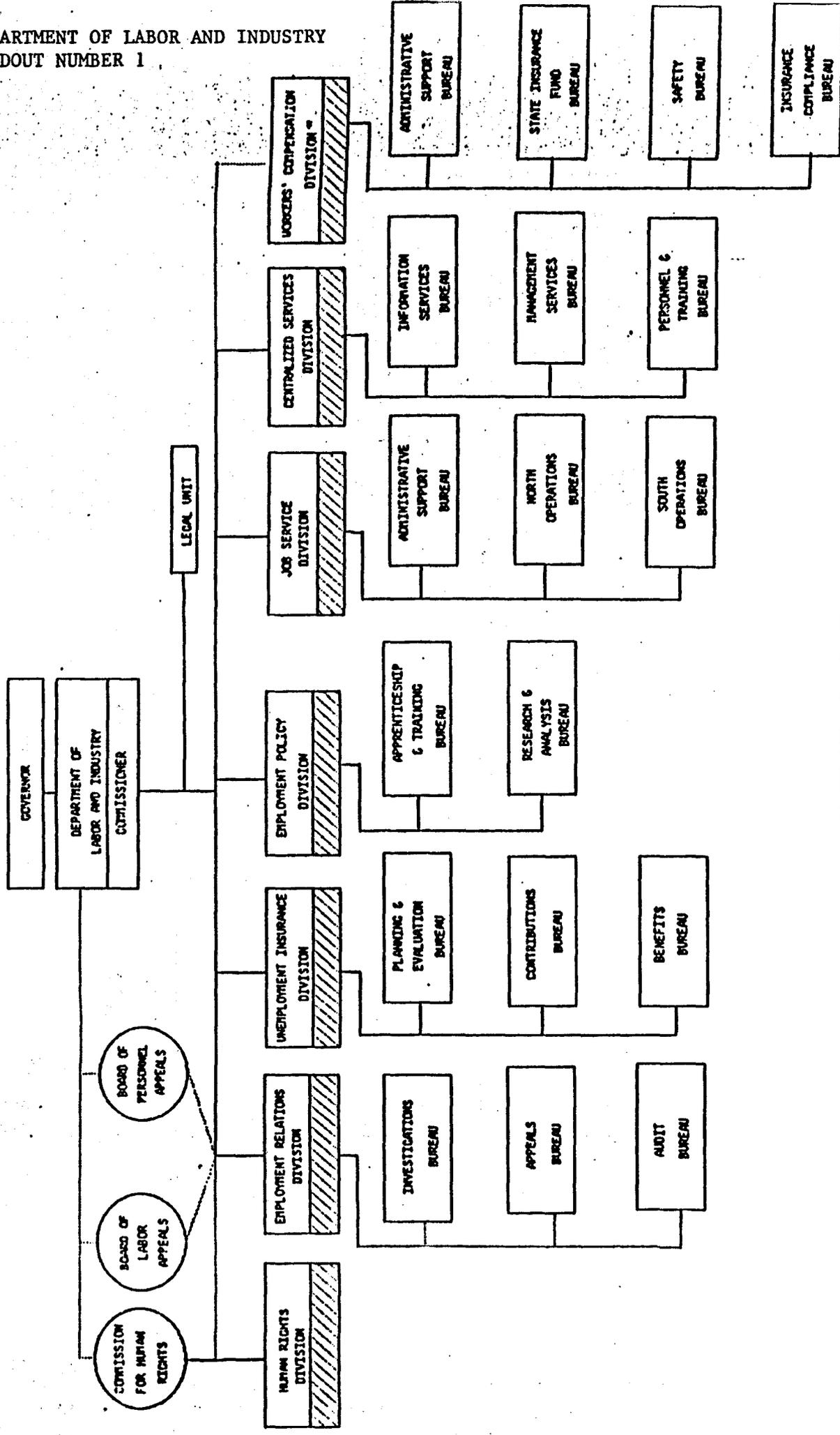


EXHIBIT 4  
DATE 1-12-89  
HB

DEPARTMENT OF LABOR AND INDUSTRY  
JUNE 1986  
*Edward J. Funderburk*  
COMMISSIONER  
*Robert J. ...*  
GOVERNOR

DEPARTMENT OF LABOR AND INDUSTRY  
HANDOUT NUMBER 2

Continue language in the General Appropriation Act that states:

"Job Service spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the department may seek an operational plan change to supplement federal funds with state unemployment assessments as provided in 39-51-404(4)".

DEPARTMENT OF LABOR AND INDUSTRY  
HANDOUT NUMBER 3

Executive Budget  
UI Administrative Tax/Penalty and Interest Revenues

Function	FY 90	FY 91
Job Service		
Replace lost federal funds	347,457	347,092
Employment Relations		
Personnel Appeals	298,599	297,086
Investigations/Wage Claims	364,955	363,106
Prevailing Wage-- Mod--	30,512	30,492
Citizen Board--Mod--	3,000	3,000
Employment Policy		
Apprenticeship	191,672	195,296
Prevailing Wage	20,000	0
Prevailing Wage--Mod--	20,499	40,172
Human Rights		
Human Rights Current level	240,349	228,343
Employer Outreach--Mod--	5,000	5,000
Program 50 Grants		
Dislocated Worker	324,000	359,806
	-----	-----
Total Admin Tax in Exec Budget	1,846,043	1,869,392
	=====	=====
Less:		
Non General Fund		
Job Service	-347,457	-347,092
Apprenticeship	-191,672	-195,296
Dislocated Worker	-209,000	-209,000
	-----	-----
General Fund Savings	1,097,914	1,118,004
	=====	=====

Note: FY88 current level used for Dislocated Worker because amounts over \$209,000 would have to come from General Fund instead of P&I. Increase is needed for JTPA and JOBS match.

DEPARTMENT OF LABOR AND INDUSTRY  
HANDOUT NUMBER 4

Modified Budget-Employment Service Reimbursable Grant Wage Surveys  
Program 07 Employment Policy Division

PROGRAM DESCRIPTION

Additional funding was received by the Job Service Division from the federal Employment and Training Administration through the Employment Service Cost Reimbursable Grant. \$53,000 of this funding will be given to the Research and Analysis Bureau to conduct agricultural and non-agricultural wage surveys as required by the Employment and Training Administration. Agricultural wage surveys may include cherries, sugar beets (and other row crops), sheepherders and farm/ranch hands. Non-agricultural surveys may include wage surveys/determinations as received for Alien Employment Certification. The entire state of Montana will be covered in these surveys. Wage rate findings will be computed according to federal requirements and will be published by the Research and Analysis Bureau.

The survey information will be used to provide accurate wage data for Montana's agricultural industry and to ensure the prevailing wage is paid to workers.

USDOL requires an annual survey. If this wage information is not provided to USDOL, Montana's funding would be jeopardized.

The contract will be closely monitored to ensure statistically valid sampling procedures are used and reliable results are published. The rates are subject to Employment and Training Administration audits each year. It is the intent to conduct these surveys annually.

DEPARTMENT OF LABOR AND INDUSTRY  
HANDOUT NUMBER 4 CONTINUED

MODIFIED BUDGET  
PROGRAM 07 EMPLOYMENT POLICY DIVISION  
EMPLOYMENT SERVICE REIMBURSABLE GRANT WAGE SURVEYS

	SFY90	SFY91	TOTAL 90/91
FTE	2.00	2.00	
1100 Salaries	25,400	25,400	50,800
1200 Hourly Wages	0	0	0
1300 Other Compensation	0	0	0
1400 Employee Benefits	5,600	5,600	11,200
TOTAL PERSONAL SERVICES	31,000	31,000	62,000
2100 Contracted Services	1,000	1,000	2,000
2200 Supplies and Materials	2,000	2,000	4,000
2300 Communications	800	800	1,600
2400 Travel	5,500	5,500	11,000
2500 Rent	0	0	0
2600 Utilities	0	0	0
2700 Repair and Maintenance	500	500	1,000
2800 Other Expenses	12,200	12,200	24,400
2900 Goods Purchased for Resale	0	0	0
TOTAL OPERATING EXPENSES	22,000	22,000	44,000
3100 Equipment	0	0	0
3400 Intangible Assets - Software	0	0	0
TOTAL EQUIPMENT EXPENSES	0	0	0
4200 Buildings	0	0	0
TOTAL CAPITAL OUTLAY	0	0	0
6100 Grants from State Sources	0	0	0
6200 Grants from Federal Sources	0	0	0
TOTAL GRANTS EXPENSES	0	0	0
GRAND TOTAL EXPENSES	53,000	53,000	106,000

