MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **CHAIRMAN DOROTHY BRADLEY**, on February 11, 1991, at 8 a.m.

ROLL CALL

Members Present:
Rep. Dorothy Bradley, Chairman (D)
Sen. Mignon Waterman, Vice Chairman (D)
Rep. John Cobb (R)
Rep. John Johnson (D)
Sen. Tom Keating (R)
Sen. Dennis Nathe (R)

Staff Present: Terri Perrigo, Associate Fiscal Analyst (LFA)
Dan Gengler, Budget Analyst (OBPP)
Faith Conroy, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion:

DEPARTMENT OF LABOR AND INDUSTRY

HEARING ON THE UNEMPLOYMENT INSURANCE (UI) ADMINISTRATIVE TAX AND TRUST FUND (CONT.)

Tape 1A

Brian McCullough, Management Services Bureau Chief, distributed a list of programs funded by UI administrative tax, **EXHIBIT 1,** and a spread sheet on UI administrative tax revenue and expenditures, **EXHIBIT 2.**

CHAIRMAN BRADLEY said she would like permission for a committee bill to allow state employees to donate compensatory time to a central pool, which state employees in the Persian Gulf could draw on when their's runs out. The bill has been drafted. It would be a nice thing to bring forward, if acceptable to the subcommittee.

SEN. NATHE asked how it will work. **CHAIRMAN BRADLEY** said she will have to bring details to the subcommittee later. **SEN. KEATING** asked if a similar pool was created before. **CHAIRMAN BRADLEY** said yes, for sick leave. She assumes there is a two-thirds subcommittee vote in favor of introducing the bill since no one voiced objection.

CHAIRMAN BRADLEY said **REP. CAROLYN SQUIRES** has some concerns about future allocations of the UI administrative tax and will speak about **REP. BOB GILBERT's** bill, which would restrict use of UI administrative tax for public employment offices only. **EXHIBIT 3**

REP. SQUIRES said she represents House District 58 in Missoula and serves as chairman of the Labor Committee. She spoke with **REP. GILBERT** about his bill and he said he does not plan to reduce or eliminate allocations for the Displaced Homemaker or Project Work programs, which receive UI administrative tax funding. But he wants the tax revenue to be directed to Job Service offices to keep them open.

The governor proposes to spend $125,000 for youth, but his plan would duplicate services. Human Resource Development Councils (HRDCs) and a couple of federal programs are already providing these services for youth. She urged caution in the allocation of additional UI administrative tax dollars. The primary purpose for the money is to keep Job Service offices open.

Mr. McCullough reviewed **EXHIBIT 1-2.** He said the Department plans to revert $3 million to the trust fund in fiscal year (FY) 91 to try to stay at tax Schedule 1. In FY 92, figures reflect estimated impacts of the governor's pay plan but not higher levels that have been proposed. The same amount for the pay plan in FY 92 has been added to FY 94 and FY 95 figures. Inflation is not included. This also does not consider reversions in personal services. If these assumptions stay constant through FY 96 and FY 97, the fund balance would be wiped out. That is a worst-case scenario.

SEN. KEATING asked what trust fund money can be used for. **Mr. McCullough** said the law states that the UI trust fund can only be used for benefit payments. Trust fund interest goes into the UI trust fund. A law passed in 1989 says interest on the UI administration tax should stay with the administrative tax pool, rather than go to the General Fund.

SEN. KEATING asked why UI administrative tax money was put into a trust fund. **Mr. McCullough** said the law states that unused tax money must go into the trust fund.

REP. COBB asked if the tax money can be appropriated before it goes into the trust fund. **Mike Micone, Labor Commissioner,** said the Legislature can appropriate whatever it wants. But the Department is spending more money than is coming in now.

REP. COBB said he is referring to the balance, not revenues. The Department plans to transfer $3 million, which means the Department does not anticipate needing the money for Job Service administration. An attempt this session may be made to use some of the money. He asked if the money has already been moved to the trust fund. **Mr. Micone** said the paperwork is being processed, but

the money has not been transferred. It could be moved in the next day or two.

CHAIRMAN BRADLEY said that in 1989, these programs were financed with nearly all General Fund money. The Legislature then decided to use UI administrative tax money instead. **REP. GILBERT's** bill would require these programs to be financed with General Fund money again, except Job Service, the Dislocated Homemaker program and Project Work. If the bill passes and the subcommittee wants to continue these programs, General Fund money will have to replace the administrative tax.

Mr. Micone said **REP. GILBERT's** intention is to ensure Job Service offices remain open in the event of federal cuts. At some point, funds intended for other purposes would be programmed into Job Service operations. **Mr. McCullough** said an amendment to **REP. GILBERT's** bill is being drafted to ensure a reserve is maintained to cover shortages in federal revenues. The original intent of the bill was to limit use of administrative tax to public employment offices only. It will be amended to ensure a reserve and to allow administrative tax money to be used for other purposes.

SEN. WATERMAN asked how UI tax rates would be affected if the $3 million weren't transferred into the trust fund. She asked what other options exist. **Mr. Micone** said the rate is determined by the trust fund balance. The Department is ready to drop the rate to Schedule 1. The transfer will ensure the lower rate. **SEN. WATERMAN** asked if the rate can be lowered any other way without putting money into the trust fund. **Mr. Micone** said no. **SEN. WATERMAN** asked what other money goes into the trust fund. **Mr. Micone** said the only other source is employer unemployment insurance premiums. If the economy improves and businesses hire additional employees, the unemployment rate would drop and the trust fund would rise.

SEN. WATERMAN asked about the tax schedule. **Mr. Micone** said the rate is at Schedule 3. On March 1, the Department makes the adjustment. The transfer would ensure the rate would drop to Schedule 1. **SEN. WATERMAN** asked what the effect would be. **Mr. Micone** said it lowers the average tax on employers. **Mr. McCullough** said it lowers it by two-tenths of a percent. It is currently at an average of 1.8 percent of total taxable wages. It would drop to 1.4 percent. **SEN. WATERMAN** asked where it has been in recent history. **Chuck Hunter, Employment Relations Division Administrator,** said it has been as high as Schedule 10 in 1985-86. The rate was 3.8 percent and has been dropping steadily toward Schedule 1. It has never been at Schedule 1. The rate schedule was put into law in 1985, so the Department has experience only from that time to present. **SEN. WATERMAN** said she agrees with **REP. COBB** and would like to consider the matter further before the transfer occurs.

REP. COBB said **REP. JOHN MERCER** wants to know if this is what the governor wants to do with the money or if its fate is being decided by the Department of Labor. Once the $3 million is gone, it's gone. **REP. COBB** said he still plans to make a motion to use administrative tax money for job coaches for developmentally disabled people. That doesn't affect the balance. The recession may affect it, but $3 million isn't going to make or break the trust fund. He will talk to the governor's office to see if that is what the governor wants to do. Unless the money is appropriated, the Department can transfer it.

SEN. KEATING asked if the unemployment rate is 1.8 percent of gross payroll, plus 0.1 percent for employers with an experience rating and 0.05 percent for employers without an experience rating. **Mr. Hunter** said yes, but unemployment insurance tax is on a wage-base of $15,400, not on total gross pay. That rate is the average of what the schedule collects. Individual employers may pay more or less. He corrected himself and said the rate is applied up to the first $13,400 in wages per employee. No taxes are paid on amounts above that.

SEN. KEATING asked how much money is raised annually. **Mr. Hunter** said it depends on the rate schedule. At Schedule 10, the state was collecting $60 million per year in UI contributions. At Schedule 3, the state is collecting between $35 million and $40 million per year. There is about a $4 million difference between each schedule. The UI administrative tax portion of collections has been between $2 million and $2.7 million. That tends to rise as wages in Montana increase.

Mr. Micone said he hopes the focus doesn't shift to a question of whether the administrative tax goes into the trust fund. The law states that if the Legislature doesn't appropriate the funds, the balance goes into the trust fund. The balance is a safety net in case federal Job Service money is cut. Whether the $3 million is transferred to the trust fund or remains in the expense account shouldn't affect the subcommittee's action.

CHAIRMAN BRADLEY asked what should determine the subcommittee's action. A whole new pot of money has been opened up that appears to be up for grabs for things it was never intended for. **Mr. Micone** said anticipated revenues are about $2.8 million. To look at appropriating funds above the $2.8 million dollars is the danger. The surplus account will slowly decrease over the years. The problem will be exacerbated if the subcommittee begins to appropriate funds from the surplus. **CHAIRMAN BRADLEY** asked if the key is to stay within the $2.8 million, then fight it out within that fence. **Mr. Micone** said that would be his suggestion.

SEN. KEATING said the administrative tax was initiated to charge employers for assistance in finding employees provided by Job Service. Other things help employers too, and these other things, like collective bargaining, minimum wage laws, restaurant bonds, prevailing wage, are for the benefit of the employer. It can be

argued that the administrative tax is being properly spent to benefit the employer. The employer is getting a service for taxes paid. It isn't clear why the focus has to be on Job Service as the only way to serve employers. If the amount appropriated to Job Service is increased, either the taxpayer is going to pay it out of General Fund or the employer is going to pay it through a higher tax rate. The subcommittee should examine why the administrative tax exists and ensure appropriations are in line with that policy.

CHAIRMAN BRADLEY said the subcommittee has already approved the Jobs for Montana's Graduates (JMG) program. She asked if the subcommittee wants language drafted that states it is not the subcommittee's intention to have the amount expanded in the future. The subcommittee tentatively endorsed the expenditure of $126,000 and $124,000 for that program under the modification. The subcommittee wasn't certain it wanted to do it with this revenue. It is doubtful it will be replaced with General Fund money. The subcommittee can express intent that the amount of UI administrative tax in the JMG program this should not continue to grow. The Department has said that is its intent, as the JMG program is pursuing private funding. **Mr. Micone** said that is correct.

EXECUTIVE ACTION ON THE UI ADMINISTRATIVE TAX

MOTION: **REP. COBB** moved to have language drafted that the JMG amount not be expanded.

VOTE: The motion **PASSED** unanimously 5-0. **SEN. NATHE** was absent.

MOTION: **REP. COBB** moved to use UI administrative tax in the amount of $143,276.50 per year for contract services with Job Service to finance job coaches for 40 developmentally disabled young adults.

DISCUSSION: **REP. COBB** said that when the subcommittee dealt with the Developmental Disabilities program, there were 40 young adults between the ages of 17 and 21 identified as needing job coaches to go to work. They are not severely handicapped but they are handicapped. They need job coaches to train them for a job. Federal money of $24,647 per year would go with it.

SEN. KEATING asked under which program the money would be applied. **REP. COBB** said it would go under New Horizons for FY 92 and FY 93.

CHAIRMAN BRADLEY said Job Service workers have no training to provide intensive coaching. It would be an entirely different job for them to get into. **REP. COBB** said they could contract out the work. They do some training and education for clients. This is related to jobs. Job Service trains and helps individuals find employment. This is just another multiple barrier. These

individuals just need help.

CHAIRMAN BRADLEY asked where the federal money comes from. **REP. COBB** said it is in matching money. The Department of Social and Rehabilitation Services (SRS) gets matching money from the federal government. This is not in the SRS budget now. **CHAIRMAN BRADLEY** asked if the subcommittee would have to amend the SRS budget for SRS to have that authority. **REP. COBB** said yes.

CHAIRMAN BRADLEY asked who told him the money was available. **REP. COBB** said it is in the handout on the programs the subcommittee has examined and the list of developmentally disabled individuals who do not have any services. It shows how much it would cost each year in General Fund and how much federal money is available. There isn't much federal money. It comes to about $616 per person.

CHAIRMAN BRADLEY asked what it would cost per person. **REP. COBB** said it would cost $3,581, plus $616 in federal money for a total of $4,198.91 per person. The $3,581 would be either General Fund or UI administrative tax. It would cost $286,000 in administrative tax for the biennium.

SEN. WATERMAN asked if this can be contracted out to Supported Employment so that Job Service doesn't have to set up a duplicate program. **REP. COBB** said his idea is to put it into contracted services. Money can always be moved. That would be the easiest way. Job Service officials already testified that they lack staff to take care of these people.

CHAIRMAN BRADLEY asked if Job Service contracts out for various services. **Gary Curtis, Job Service Division Administrator,** said Job Service contracts out for services, but not this type of service. Job Service contracts out for training of participants of the Job Training Partnership program. If the subcommittee asks Job Service to do this, the correct thing for Job Service to do would be to contract with SRS to do it. Then the issue may be whether SRS has the staff to do it. The subcommittee would have to ensure that SRS would have the FTEs and budget authority.

CHAIRMAN BRADLEY asked if the Department has strong sentiment about this. **Mr. Curtis** said the Department believes it ought to stay within the amount of money raised each year by the UI administrative tax. **CHAIRMAN BRADLEY** asked if this proposal would exceed that level. **Mr. Curtis** said he didn't know.

SEN. KEATING said the money could be transferred into SRS' budget for the purpose described by **REP. COBB. Mr. Curtis** said yes. But the money cannot be appropriated directly to SRS without the law being amended first. The law says the money must be used by the Department of Labor for administrative purposes.

SEN. KEATING asked **REP. COBB** if his intention is to reduce the amount appropriated to Job Service. **REP. COBB** said no. He is

talking about money that is in the balance, not existing or ongoing expenditures.

SEN. KEATING said there is a $3.3 million balance in the UI administrative tax fund now. The Department expects revenues of about $2.8 million and $2.9 million during the biennium, plus interest. The subcommittee is only going to spend the $2.9 million. The $3 million balance would be continued.

Mr. Micone said the scenario that has been described is what he was cautioning the subcommittee about. The reserve amount doesn't matter. It is a reserve. Anytime funds are appropriated beyond what is taken in each year, the reserve is then viewed as a slush fund. He doesn't believe that is what the subcommittee intends.

CHAIRMAN BRADLEY said she wanted to take a straw vote and asked if anyone other than **REP. COBB** favored his plan. **SEN. WATERMAN** and **SEN. NATHE** said they do. **CHAIRMAN BRADLEY** said there appears to be an even split. It may be better to wait to vote until the subcommittee is close to the end of the budget. **REP. COBB** said he wants to vote now.

SEN. WATERMAN asked if the Department anticipates raising an additional $550,000 in penalties and interest from the tax. **Mr. Micone** said that is a different fund.

Tape 1B

Cris Volinkaty, Developmental Disabilities Legislative Action Committee representative, said Job Service is incapable of training people who work with disabled clients. It takes special skills. The only way to do this is to have Job Service contract directly with a non-profit provider. Not all contracts for this come through SRS. Some come through the Department of Family Services, and the Department of Health and Environmental Sciences. It is doubtful the personnel at Job Service could handle the population she represents.

CHAIRMAN BRADLEY cautioned the subcommittee against rushing into this. The subcommittee can probably slip this in with a broad interpretation of what the funds are allowed to be used for. But it would set an undesirable precedent. She is concerned about exceeding the balance and getting into commitments that the state cannot continue. The subcommittee has done very well in developmentally disabled programs. That isn't what this budget was intended for.

SEN. WATERMAN said she wanted to explain why she would vote for **REP. COBB's** motion. This is the first time disabled individuals are being treated as real people who want jobs, instead of a liability.

SEN. KEATING asked about the trend in unemployment percentages. **Mr. Hunter** said the number of claims filed in recent months has increased dramatically. The level is 15-18 percent higher than the same period last year.

SEN. KEATING asked about the employment rate and if more people are working. **Mr. Hunter** said he didn't know. **SEN. KEATING** said he is curious because if employment factors don't increase, Department figures are wrong. The Department is only estimating revenues from the tax. If Montana experiences a recession and jobs are lost, the $2.8 million and $2.9 million in revenue will not materialize. **Mr. Hunter** said that is correct.

VOTE: The motion **FAILED** on a tie vote, 3-3, with **SEN. WATERMAN, SEN. NATHE** and **REP. COBB** voting aye.

MOTION: **REP. COBB** moved to finance job coaches for 20 developmentally disabled young adults at a cost of $71,638.25 in UI administrative tax per year.

VOTE: The motion **FAILED** on a tie vote, 3-3, with **SEN. WATERMAN, SEN. NATHE** and **REP. COBB** voting aye.

MOTION: **REP. COBB** moved to finance job coaches for 10 developmentally disabled students at a cost of 435,819.13 in UI administrative tax per year.

VOTE: The motion **FAILED** on a tie vote, 3-3, with **SEN. WATERMAN, SEN. NATHE** and **REP. COBB** voting aye.

MOTION: **REP. COBB** moved to finance job coaches for five developmentally disabled students at a cost of $17,909.56 in UI administrative tax per year.

DISCUSSION: **REP. COBB** said these people are Montanans. He doesn't see why the Department of Labor doesn't want to help certain people. Government is here for the people. Here are five kids and everyone would rather have this money sitting in a bank somewhere than help five kids.

VOTE: The motion **FAILED** on a tie vote, 3-3, with **SEN. WATERMAN, SEN. NATHE** and **REP. COBB** voting aye.

Mr. Micone said **REP. COBB** painted the Department as the guy with the black hat. The Department is being asked to contract with SRS, which would provide the service. The subcommittee has the power to appropriate to SRS. What is being talked about is the integrity of a fund. It is the subcommittee's prerogative if it wants to use the UI administrative tax as its slush fund. The Department is just trying to point out some of the pitfalls. This Department shouldn't be painted as wearing the black hat and being opposed to training for the developmentally disabled. That is not true.

REP. COBB said Department of Labor officials are the guys in the black hat. He hasn't seen such a petty group of people in his life. Job Service is supposed to help people find jobs. Job Service contracts out Project Work. SRS handles part of Project Work. The Displaced Homemaker program is contracted out too. The Department is already moving the money to get it as far away from the subcommittee as possible. It's wrong for Job Service to pick who it wants to help. It's up to the Legislature to decide who will be helped.

HEARING ON THE UNEMPLOYMENT INSURANCE DIVISION

Terri Perrigo, Legislative Fiscal Analyst, distributed a budget summary for the Unemployment Insurance Division. **EXHIBIT 4**

Mr. McCullough reviewed background information on the Unemployment Insurance Division on Pages 19-20 of **EXHIBIT 6 from Feb. 8, 1991, minutes.** He noted a 19-20 percent increase in initial claims compared with a year earlier. If the workload continues, the Department may need a budget amendment.

He distributed and reviewed a graph of year-end trust fund balances. **EXHIBIT 5.** He said the status of the trust fund has improved and that is why the tax rate is so low. If the state is going into a recession, the Department believes the trust fund will be sufficient to cover increased demand for benefits. When the trust fund is in a better position to cover benefits, the tax rate drops. If benefits exceed revenues, then the Department will impose a higher rate as it did in the mid-1980s. The Department has a penalty and interest bill, HB 385, which ties in with its budget modification request. Additional collections would go to the trust fund. They would not be for administration. Funds for administration for this program flow through the Department from the federal government.

REP. COBB asked if figures in **EXHIBIT 5** reflect potential impacts of a recession. **Mr. McCullough** said yes. The Department predicts figures will hold through 1992. Projections were based on historical and current data. **REP. COBB** asked how often the schedule can be changed. He is concerned about what might happen if the recession is worse than anticipated. **Mr. McCullough** said that if the schedule is changed, it is changed once per year. **REP. COBB** said there could be a jump in unemployment after the schedule is set at its lowest level. **Mr. McCullough** said the schedule could be raised next March as high as 3.8 percent, the top level.

REP. COBB asked if the Department wants extra money budgeted now, in case there is a recession, or would rather wait to see what happens. **Mr. McCullough** said the Department is looking at figures now. He hopes information will be analyzed within two weeks and the Department can identify changes for this fiscal year in the budget amendment bill, rather than a general appropriation.

SEN. WATERMAN asked if the chart includes the $3 million slated for transfer to the trust fund and the $550,000 anticipated from the budget modification. **Mr. McCullough** said no.

SEN. KEATING asked if the Department estimated the cost of unemployment benefits for striking employees, if the proposed legislation authorizing their UI benefits passes. **Mr. Micone** said the Department has run figures for a number of scenarios. They may run as high as $1.5 million or as low as $40,000.

Ms. Perrigo reviewed Program Issue No. 1 on Page 1 of **EXHIBIT 4.** The executive budget removed 3 FTEs due to vacancies. The budget modification on Page 2 of **EXHIBIT 4** would add 3 FTEs and operating expenses for UI accounts receivable activities.

SEN. KEATING asked why the Department asked for 3 FTEs to be put back into the budget. **Dan Gengler, Office of Budget and Program Planning,** said it seems strange to take three FTEs away and then put them back in. Budget modifications were made before the current-level base was reviewed. The Department made its case for the extra FTEs for accounts receivable. The Budget Office reviewed the current-level base and found 3 FTEs that had been vacant for most of the year. In putting together the executive budget, it was assumed that two of those FTEs were transferred to the Employment Relations Division, making a net reduction of 1 FTE.

SEN. KEATING asked who runs the accounts receivable department. **Mr. McCullough** said the Unemployment Insurance Division. **SEN. KEATING** said the Department is seeking more than $200,000 in personal services and operating expenses to get back $550,000. He asked why receivables won't come in without the additional 3 FTEs. **Mr. Hunter** said existing staff are generating a lot of money. A lot more money is out there. If the Department has more staff, it will be able to collect more money. **SEN. KEATING** asked how this money is collected. **Mr. Hunter** said staff work with employers over the telephone to work out payment schedules.

REP. COBB asked if the Department looked at contracting this out. **Mr. Micone** said yes. **Mr. Hunter** said it is less costly to do the work in-house than to contract it out. Collection companies take a percentage of what they collect. Federal law says this money cannot be used for anything but benefits. The Department would have to add an additional cost on top of the debt to have the work done by a collection company.

REP. COBB asked about the Department's backlog. **Mr. Hunter** said about 8 percent of the employers statewide are delinquent in payments. That amounts to about 1,500-1,600 of 24,000 employers. The receivables balance is about $2 million to $3 million.

SEN. KEATING asked if much is written off due to business failures. **Mr. Hunter** said a number of bankruptcies occur each year. It is difficult for the Unemployment Insurance Division to

get money out of a bankruptcy. The number of employers in the state remains fairly constant. Businesses are born at about the same rate that they die.

EXECUTIVE ACTION ON THE UNEMPLOYMENT INSURANCE DIVISION

Votes were taken on issues in **EXHIBIT 4.**

MOTION: **SEN. KEATING** moved approval of the executive budget for Program Issue No. 1, which removes 3 FTEs.

VOTE: The motion **PASSED** unanimously 4-0. **CHAIRMAN BRADLEY** and **SEN. NATHE** were absent.

MOTION: **SEN. KEATING** moved approval of the executive budget modification for Unemployment Insurance accounts receivable.

VOTE: The motion **PASSED** unanimously 4-0. **CHAIRMAN BRADLEY** and **SEN. NATHE** were absent.

HEARING ON THE HUMAN RIGHTS COMMISSION

Ms. Perrigo distributed a budget summary for the Human Rights Commission. **EXHIBIT 6**

Mr. McCullough referred to background information on the Commission on Page 21 of **EXHIBIT 6 from Feb. 8, 1991, minutes.** He said state law coincides with federal law. Some state costs can be recovered from the federal government. Caseloads are increasing, which makes it difficult to process cases in a timely fashion. Legislation is pending to tailor state law to reflect changes in federal law. He distributed workload statistics. **EXHIBIT 7**

Anne MacIntyre, Human Rights Commission Administrator, said the backlog of cases has been increasing because of a 4 percent to 7 percent increase in the number of complaints filed. Staff levels have remained constant. Workers cannot keep up with the workload.

SEN. KEATING asked why the number of cases jumped between 1989 and 1990. **Ms. MacIntyre** said a lot of factors contribute to workload increases. One reason may be increased national attention to civil rights issues. Congress passed several major pieces of civil rights legislation. Discussion of these issues raises awareness.

SEN. KEATING asked about the outcome of complaints. **Ms. MacIntyre** said plaintiffs succeed in about 40 percent of the cases closed by the Commission. Respondents succeed about 60 percent of the time.

PUBLIC COMMENT

Ken Toole, Montana Human Rights Network representative, testified in support of increasing the Human Rights Commission budget by $100,000 per year of the biennium. **EXHIBIT 8**

Tape 2A

Ed Regan, a member of the Human Rights Commission, said he has been with the Commission for three years. Staff are dedicated and hard-working. It is a small agency with a large workload. He encouraged the subcommittee to support the agency and executive budget request, which holds the line on spending yet provides a few more tools for staff to get the job done.

Kate Cholewa, Montana Women's Lobby, testified in support of the request for an additional $100,000 to finance additional FTEs to handle the increased caseload. If cases aren't processed quickly and effectively, complaints will stop coming in, That will foster an environment in which discrimination flourishes. Montana's commitment to human rights can be jeopardized if the Commission is unable to deal with cases in a timely manner.

SUBCOMMITTEE QUESTIONS

REP. COBB asked if the Department of Labor can wait a week before transferring the $3 million in UI administrative tax to the trust fund, or if a motion is needed. **Mr. Micone** said a motion isn't needed. The Department will wait.

REP. JOHNSON asked if the $100,000 requested for the Human Rights Commission is included in the budget. **Ms. MacIntyre** said no. It is not an executive budget modification. **REP. JOHNSON** asked if the money would generate federal funds. **Ms. MacIntyre** said it isn't likely.

REP. JOHNSON asked if the subcommittee can wait to take action on the request until more information can be provided. **SEN. WATERMAN** said yes. She asked if the Department or executive has comments on the request for additional money. **Mr. McCullough** said there have been problems in the past with the workload and keeping federal funds coming in. Federal funds are based on the number of cases processed. **Mr. Gengler** said the request for $100,000 would not be in accord with the executive budget. The Budget Office saw that the Commission's workload was rising, but productivity also was improving. While the agency is in a difficult situation, the situation is not getting worse and it is no worse than what other agencies face.

REP. JOHNSON said the intent is to use UI administrative tax money to finance the request. He asked how the governor would view that. **Mr. Gengler** said he would discuss it with the budget director and let the subcommittee know.

REP. COBB asked what would happen to productivity if one more person were added. It wouldn't cost $100,000. **Ms. MacIntyre** said

she would get the information.

SEN. WATERMAN asked if a proposal could be put together to determine what it would take to reduce the caseload and what the cost would be for an additional staff person. **SEN. KEATING** said he wants to know how long it takes to resolve a case. **SEN. WATERMAN** said she also would like to know how many cases have been shifted from the Commission to district court because they were more than a year old.

Ms. Perrigo reviewed Program Issues. She said the executive budget funds position No. 48 at grade 11, step 10. It includes $540 more than the LFA budget for overtime for the board secretary and does not include $2,112 that is in the LFA budget for computer equipment and a facsimile machine. Under the Funding Issue, the executive budget includes additional federal grant money.

SEN. WATERMAN asked how the salary change occurred. **Ms. MacIntyre** said a temporary employee had been filling the position. A long-time employee had been temporarily assigned to a different function and has since returned to the slot.

EXECUTIVE ACTION ON THE HUMAN RIGHTS COMMISSION

Votes were taken on issues in **EXHIBIT 6.**

MOTION: **SEN. KEATING** moved approval of the executive budget on all Program issues.

VOTE: The motion **PASSED** unanimously 4-0. **CHAIRMAN BRADLEY** and **SEN. NATHE** were absent.

MOTION: **SEN. KEATING** moved approval of the executive budget for the Funding issue.

VOTE: The motion **PASSED** unanimously 4-0. **CHAIRMAN BRADLEY** and **SEN. NATHE** were absent.

HEARING ON THE WORKERS' COMPENSATION COURT

Ms. Perrigo distributed a budget summary for the Workers' Compensation Court. **EXHIBIT 9**

Mr. McCullough reviewed background information on the court on Page 22 of **EXHIBIT 6 from Feb. 8, 1991, minutes.**

Tim Reardon, Workers' Compensation Judge, said a drop in the caseload is being offset by the number of appeals. The trend is expected to continue.

REP. COBB asked if the court has a backlog. **Judge Reardon** said things are in pretty good shape right now. The court's hearing officer is within 60 days of being current. He is within 30 days of being current.

Ms. Perrigo reviewed Program Issues. She said the executive budget includes nearly $3,000 more than the LFA for termination pay for the law clerk; $1,590 for overtime for the clerk of court; and $4,608 more for computer software and to make file cabinets fireproof.

SEN. WATERMAN asked why termination pay appears in both years of the biennium. **Mr McCullough** said termination pay deals with unused sick leave and vacation pay for attorneys who come to the Workers' Compensation Court for their first year of experience. There is turnover in the position and this money covers unused sick leave and vacation.

REP. COBB asked if the court intends to use telecommunications technology. **Judge Reardon** said that is far off in the future. He prefers to adjudicate cases in person.

SEN. KEATING asked what percentage of Workers' Compensation Court cases are appealed to the Montana Supreme Court. **Judge Reardon** said about 50 percent.

EXECUTIVE ACTION ON THE WORKERS' COMPENSATION COURT

Votes were taken on issues in **EXHIBIT 9.**

MOTION: **REP. COBB** moved approval of the executive budget for all Program Issues.

VOTE: The motion **PASSED** unanimously. **CHAIRMAN BRADLEY, REP. JOHNSON** and **SEN. NATHE** were absent.

SEN. WATERMAN said the vote will be left open to ensure there is a majority voting in favor of the motion.

MOTION: **REP. COBB** moved approval of the funding base, network charges and inflation as was done in other budgets.

DISCUSSION: **SEN. WATERMAN** said the motion goes back to all previous budgets voted upon during the hearing.

VOTE: The motion **PASSED** unanimously. **CHAIRMAN BRADLEY, REP. JOHNSON** and **SEN. NATHE** were absent.

SEN. KEATING said to check back to make sure the motions were done correctly. If not, they can be redone.

REP. COBB said he wanted to clarify a previous vote to ensure approval of the LFA base, adjusted for previous actions. **SEN. WATERMAN** said yes. The subcommittee is taking the LFA base for all of the Department of Labor. **SEN. KEATING** asked why the subcommittee is taking the LFA. **SEN. WATERMAN** said that is how the subcommittee has done it through all the budgets.

SEN. KEATING asked if the subcommittee's decision to take the executive budget on program issues makes the LFA and executive budget match. **Ms. Perrigo** said in most cases it does. If the subcommittee starts with the LFA base and moves the executive budget in program issues, because the LFA has higher inflation, it will sometimes make the final budget a little higher than the executive budget. **SEN. WATERMAN** said that is how the subcommittee has done it on all budgets. The subcommittee agreed early on, when dealing with the Department of Health and Department of Labor, that the subcommittee would make those adjustments for network charges and inflation. The subcommittee would accept the LFA base and the modifications. The subcommittee has taken the LFA and made the modifications by motions.

SEN. KEATING said he remembers moving the executive budget a couple of times in the past. **Ms. Perrigo** said yes. The motion is to take the LFA base, adjusted for the action that is taken in subcommittee, which would take care of motions made to accept the executive budget in program issues. **SEN. WATERMAN** said that is consistent with what the subcommittee has done before, but **SEN. KEATING** is right. On a number of occasions, the subcommittee has adjusted the overall umbrella statement by accepting the executive in some areas.

SEN. WATERMAN clarified action on the Workers' Compensation Court budget for **REP. JOHNSON**, who returned to the hearing. She said there were only three subcommittee members voting. The subcommittee accepted executive proposals in program issues. **REP. JOHNSON** said he wanted to be recorded as a yes for those votes. **SEN. WATERMAN** asked if **REP. JOHNSON** also wanted to be recorded as a yes on the subcommittee's decision to accept the LFA budget with modifications. **REP. JOHNSON** said yes.

HEARING ON THE JOB TRAINING GRANTS PROGRAM

Ms. Perrigo distributed a budget summary for the Job Training Grants program. **EXHIBIT 10**

Mr. McCullough said the program includes benefit payments and flow-through dollars that are allocated elsewhere, primarily Job Training Partnership Act (JTPA) funds and grants that use UI administrative tax money.

JTPA funds are used for a variety of training programs, including funding for the new private entity. Ten positions were moved out of the Department. Those positions are involved in the new program, which is operating as a separate service delivery area

for JTPA services. They, in turn, issue grant funds. They also grant funds back to the Department relative to Job Service activities.

It is all federal funding, with the exception of the Displaced Homemaker and Project Work programs, which are funded with UI administrative tax. The Displaced Homemaker program is in the budget at $216,000. An adjustment has been made to the executive request for the Project Work Program, revising it to $286,000 from $360,000. This matches the action taken previously with SRS.

In the SRS budget, the subcommittee reduced the General Fund Project Work matching funds by the amount needed to match Labor's Project Work contracts. When SRS contracts with Labor for Project Work, the Labor Department will add their UI administrative tax match to SRS' federal funding. That provides the match for Project Work. When it is known what the contract entails, the Department will have to modify the budget to reflect FTEs necessary to deliver services.

Modifications for the EDWAA and TAA programs are for payments to program participants. The operational side was addressed in the Job Service budget. This addresses workers dislocated from their jobs because of increased imports or job closures. Placements are about 60 percent for adult JTPA program participants. Youth employment is running at 45 percent. They get training money to get them into new careers.

Tape 2B

SEN. KEATING asked if Job Service and various non-profit organizations participate in the Job Training Grants program. **Mr. McCullough** said yes. The Labor Department is not the lead agency in the Job Opportunity and Basic Skills (JOBS) Program. Four JOBS positions were put into the Department in the last session. Those positions no longer show because the Department didn't end up to be the lead agency. Project Work is the new JOBS program which just came on line with SRS in the last year.

SEN. KEATING asked who administers the program. **Mr. McCullough** said the Research, Safety and Training Division. This puts all the grants in one place.

Ingrid Danielson, Apprenticeship and Training Bureau Chief, said payments to unemployed people are made through the Unemployment Insurance Division. The Research, Safety and Training Division makes payments to service providers for retraining and relocation of workers.

PUBLIC COMMENT

Sue Mohr, Montana Job Training Partnership (MJTP) Executive Director, said the non-profit entity administers JTPA programs on behalf of the Private Industry Councils of Montana. She distributed an explanation of the JTPA funding process. **EXHIBIT 11**

She said Private Industry Councils receive a large portion of JTPA funds, which are used to serve economically disadvantaged adults, youth and the Displaced Homemaker program. The Research, Safety and Training Division oversees the way MJTP runs the programs. Funds are received through the governor, but Congress makes the appropriation.

Beginning with FY 92, MJTP funds will be cut by 8 percent in the Title IIA program, 11 percent in the Title IIB program, and 18 percent in Title III program. Congress appropriated more funds for Job Training programs this year. Montana's share of those funds decreased because of the recession on the East Coast. The House Labor Committee is introducing a joint resolution to ask the U.S. Secretary of Labor to allocate more Title III funds in response to continued layoffs.

MJTP anticipates 500 fewer participants because of the cuts. About half the Displaced Homemaker Program's funding comes from UI administrative tax and more than half comes from Job Training program funds. MJTP provides about $650,000 and the state provides $210,000 per year to Displaced Homemaker centers statewide. The 8 percent cut will affect the Displaced Homemaker Program next year. The state has not increased the program's funding in many years. Private Industry Councils have picked up the slack for the last few years. MJTP serves about 6,500 participants statewide. Last year the average wage was $5.80 per hour. The placement rate was 76 percent.

Gayle Howell, Montana Displaced Homemaker Network Chairwoman, said the network serves people with multiple barriers to employment. They are often people who have worked for at least three years or more in the home without remuneration and can no longer depend on the income of another household member. They may be widows, divorced or separated individuals, or their spouses may have lost their jobs.

There are 13 program operators in Montana. Funding has remained constant for the past four years. The program anticipates a loss of $54,000 from the 8 percent cut in JTPA funds and is concerned about further reductions if Montana's JTPA funds in the next biennium are only 90 percent of the current rate. The network is gathering statistics that show need has at least continued, if not increased.

Ms. Cholewa said the Women's Lobby supports the Displaced Homemaker Program receiving $54,000 per year to compensate for the loss of JTPA funding.

Amy Taub, Displaced Homemaker Director in Great Falls, testified in support of a funding increase. She said federal Title IIA money has an income ceiling. If people go above that level, they are no longer eligible for services. Many participants receive services under the state program. Need is increasing. The ability to continue to serve this population's needs is threatened by the

cuts. The state's Displaced Homemaker Program helps keep people off welfare.

REP. COBB asked if the 8 percent cut would be applied to all budgets or if MJTP is trying to establish priorities. **Ms. Mohr** said the executive committee is beginning to examine options. **REP. COBB** asked if the $54,000 has been lost already or if it is likely to be lost. **Ms. Mohr** said it is likely. The money hasn't been lost yet.

Ms. Perrigo said the figure for federal funds includes $216,000 per year of UI administrative tax money, which finances the Displaced Homemaker Program. The remainder is federal JTPA funds. The $760 difference each year is in Displaced Homemaker funding.

SEN. KEATING asked why it is called federal money. **Mr. Micone** said it was identified that way when it was established. It ties into the federal program.

SEN. KEATING asked how many Displaced Homemaker offices exist statewide. **Ms. Howell** said there are 14. Thirteen of them are state-legislated Displaced Homemaker programs. Many of the centers are under an umbrella agency, like a YWCA or HRDC. Two, one in Helena and one in Butte, are separate private, non-profit centers.

SEN. KEATING asked what Displaced Homemaker centers provide that is not provided through Job Service or another jobs program. **Ms. Howell** said Displaced Homemaker centers work closely with Job Service and the JOBS Program. The Displaced Homemaker Program specifically targets people who meet that definition. They have specific needs that members of the general population may not have. These individuals are not on welfare yet or deemed to be economically disadvantaged.

SEN. KEATING asked if these services are available at Job Service offices. **Ms. Howell** said some of the services are available through Job Service. Participants are dually enrolled. They receive multiple services. A Displaced Homemaker center is not a duplicate service. Certain types of services are emphasized. Displaced Homemaker centers work with smaller groups of people, provide more intensive training and help individuals make career decisions. Many of these people do not know where to start to look for employment.

Ms. Danielson said Displaced Homemaker participants also receive Title IIA JTPA funding. The program enhances what they can do with the federal funds.

Mr. Gengler said that if Montana's allocation of federal grants decreases, it would not only affect JTPA programs, it also would affect the state. It directly affects the UI administrative tax. If federal funding for Job Service drops, the state would have to use UI administrative tax to keep those offices open.

REP. COBB asked why the Department would transfer UI administrative tax money into the trust fund if that is the case. **Mr. Gengler** said projections indicate the remaining balance after the transfer would be sufficient to keep those offices open.

EXECUTIVE ACTION ON JOB TRAINING GRANTS

MOTION: **REP. COBB** moved to appropriate $54,000 from the General Fund each year to the Displaced Homemaker Program to make up the difference, contingent upon the loss of federal funds.

DISCUSSION: **SEN. KEATING** asked if that would be in addition to the executive proposal. **REP. COBB** said the $54,000 is needed to cover the anticipated 8 percent loss in federal funds. It is an increase in General Fund to keep them where they're at.

SUBSTITUTE MOTION: **SEN. WATERMAN** moved to have up to $54,000, if needed, come from the UI administrative tax.

VOTE: The motion **PASSED** 3-1, with **SEN. KEATING** voting no. **SEN. NATHE** and **REP. JOHNSON** were absent.

MOTION: **REP. COBB** moved approval of the EDWAA and TAA executive budget modifications.

VOTE: The motion **PASSED** unanimously 4-0. **SEN. NATHE** and **REP. JOHNSON** were absent.

ADJOURNMENT

Adjournment: 11:10 a.m.

Dorothy Bradley
REP. DOROTHY BRADLEY, Chairman

Faith Conroy
FAITH CONROY, Secretary

DB/fc

HOUSE OF REPRESENTATIVES

HUMAN SERVICES SUBCOMMITTEE

ROLL CALL DATE 2/11/91

NAME	PRESENT	ABSENT	EXCUSED
REP. JOHN COBB	✓		
SEN. TOM KEATING	✓		
REP. JOHN JOHNSON	✓		
SEN. DENNIS NATHE	✓		
SEN. MIGNON WATERMAN, VICE-CHAIR	✓		
REP. DOROTHY BRADLEY, CHAIR	✓		

2/11/91
Human Services Subcomm

DEPARTMENT OF LABOR AND INDUSTRY
PROGRAMS FUNDED BY UI ADMINISTRATIVE TAX
FEBRUARY 11, 1991

PROGRAM:	ACTIVITY:	DESCRIPTION:	PRIMARY REFERENCE:
04 - ERD	Collective Bargaining	Resolving labor/management disputes before they reach the contested case hearing stage.	39-31-Part 4, MCA
	Minimum Wage and Wage & Hour Laws	Investigation and resolution of wage claims	39-1-Part 1-4, MCA
	Restaurant/Bond & Child Labor program	Enforces state & federal laws	39-3-Part 6, MCA
	Prevailing Wage	Prevailing Wage Enforcement	39-Chapter 3 MCA
	Board of Personnel Appeals	Provides appellant functions for unfair labor practice cases and classification appeals. Administers Collective Bargaining Act for Public Employees.	2-15-Part 17 MCA
06-LSD	Personnel Appeals Hearings	Contested case hearings for matters involving unemployment	Chapter 39 MCA
	Wage Claims	Settle disputes on wage claims	Chapter 39 MCA
07-RSTD	Prevailing Wage Survey	Surveys on employment aspects	39-51-Part 6, MCA
	Apprenticeship Program	On the job training supplemented by technical instructions	39-6-Part 6, MCA
50-JTG	Displaced Homemaker Program	Provides counseling, training and jobs to achieve independence	39-7-Part 6 MCA
	Project Work Program	A mandatory job training and work program for able bodied General Assistance recipients.	39-53-Part 3, MCA

NOTE: These activities were all funded by general fund prior to the switch to funding by the Unemployment Insurance Administrative Tax.

Exhibit #1
DATE 2-11-91
2/11/91
Human Serv. Subc.

Exhibit #2
2/11/91
Human Services
Subc.

EXHIBIT 2
2/11/91

UI ADMIN TAX

	FY83 thru FY88	FY89 actual	FY90 actual	FY91 budget	FY92 executive budget (2)	FY92 pay plan (3)	FY92 total	FY93 executive budget (2)	FY93 pay plan (3)	FY93 total	FY94 estimate (4)	FY95 estimate (4)
Beginning Balance		2,219,365	4,567,273	5,585,547	3,290,090		3,290,090	3,538,789		3,538,789	3,515,047	3,193,272
Revenue (1)		2,697,908	2,649,424	2,795,173	2,873,500		2,873,500	2,951,455		2,951,455	3,031,524	3,113,766
Interest			246,079	446,844	263,207		263,207	283,103		283,103	281,204	255,462
TOTAL AVAILABLE	10,895,731	4,917,273	7,462,776	8,827,564	6,426,797		6,426,797	6,773,347		6,773,347	6,827,775	6,562,500
Expenditures:												
Job Service Division		350,000	551,389	769,902	749,885	334,106	1,083,991	746,499	669,931	1,416,430	1,750,536	2,084,642
JMG					126,517	1,409	127,926	124,485	2,811	127,296	128,705	130,114
Employment Relations			543,163	591,215	647,506	25,303	672,809	651,536	50,689	702,225	727,528	752,831
Legal Services			186,643	198,338	218,111	7,162	225,273	218,452	14,331	232,783	239,945	247,107
Research, Safety, Training			247,301	265,267	267,026	8,223	275,249	260,317	16,489	276,806	285,029	293,252
Job Training Grants:												
Dislocated Workers				359,806	0		0	0		0	0	0
Displaced Homemakers			216,000	216,760	216,760		216,760	216,760		216,760	216,760	216,760
New Horizons Day Care			106,725	109,091	0		0	0		0	0	0
Project Work					286,000		286,000	286,000		286,000	286,000	286,000
New Horizons			26,008	27,095	0		0	0		0	0	0
TOTAL EXPENDITURES		350,000	1,877,229	2,537,474	2,511,805	376,203	2,888,008	2,504,049	754,251	3,258,300	3,634,503	4,010,706
TRANSFERS TO UI TRUST FUND	8,676,366			3,000,000								
BALANCE	2,219,365	4,567,273	5,585,547	3,290,090	3,914,992		3,538,789	4,269,298		3,515,047	3,193,272	2,551,794

(1) Includes interest thru FY89.
(2) Based on Exec. budget.
(3) Based on Governor,s pay plan.
(4) Based on FY93 plus assumes duplicating the Governor's pay plan for the FY92 & FY93 biennium in the following biennium.

February 9, 1991

LC 0494/01

House BILL NO. 124

INTRODUCED BY Gillett

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE DEPARTMENT OF LABOR AND INDUSTRY TO USE THE ASSESSMENT ON TAXABLE WAGES PAID BY EMPLOYERS AND DEPOSITED IN THE UNEMPLOYMENT INSURANCE ADMINISTRATION ACCOUNT TO PAY THE EXPENSES OF ADMINISTERING PUBLIC EMPLOYMENT OFFICES; AND AMENDING SECTION 39-51-404, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 39-51-404, MCA, is amended to read:

"**39-51-404. Administrative expenses.** (1) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this chapter pursuant to a specific appropriation by the legislature, provided that the expenses are incurred and the money is requisitioned after the enactment of an appropriation law which that:

(a) specifies the purposes for which such the money is appropriated and the amounts appropriated therefor;

(b) limits the period within which such the money may be expended to a period ending not more than 2 years after the date of the enactment of the appropriation law; and

(c) limits the amount which that may be used during any 12-month period beginning on July 1 and ending on the next June 30 to an amount which that does not exceed the amount by which the aggregate of the amounts credited to the account of this state pursuant to section 903 of the Social Security Act, as amended, during the same 12-month period and the 34 preceding 12-month periods exceeds the aggregate of the amounts used pursuant to this section and charged against the amounts credited to the account of this state during any of such the 35 12-month periods.

(2) For the purposes of this section, amounts used during any such 12-month period shall must be charged against equivalent amounts which that were first credited and which that are not already so charged, except that no amount used for administration during any such 12-month period may be charged against any amount credited during such a 12-month period earlier than the 34th preceding such the period. Money requisitioned for the payment of expenses of administration pursuant to this section shall must be deposited in the unemployment insurance administration account but, until expended, shall must remain a part of the unemployment insurance fund.

(3) The department shall maintain a separate record of

Montana Legislative Council

INTRODUCED BILL
HB 124

2-11-91 W

2/11/91 Human Services Subc.

1 the deposit, obligation, expenditure, and return of funds so
2 deposited. If any money so deposited is for-any--reason not
3 to be expended for the purpose for which it was appropriated
4 or if it remains unexpended at the end of the period
5 specified by the law appropriating such the money, it shall
6 must be withdrawn and returned to the secretary of the
7 treasury of the United States for credit to this state's
8 account in the unemployment trust fund.
9 (4) Beginning with the third quarter of 1983, an
10 assessment equal to ~~.1%~~ 0.1% of all taxable wages provided
11 for in 39-51-1108 and ~~.05%~~ 0.05% of total wages paid by
12 employers not covered by an experience rating must be levied
13 against and paid by all employers and may must be used by
14 the department for administrative-purposes the payment of
15 expenses of administration of public employment offices. All
16 such assessments must be deposited in the unemployment
17 insurance administration account provided for in 39-51-406
18 and used as appropriated by the legislature. Any assessments
19 deposited to the unemployment insurance administration
20 account, including investment income, that are not
21 appropriated by the legislature must be transferred to the
22 unemployment trust fund account provided for in 39-51-402."

-End-

EXHIBIT 8
DATE 2-11-91
HB Dem. Sen. Sub.

Human Rights Commission
Case Load Analysis

	FY 87	FY 88	FY 89	FY 90	FY 91*
Case Filings	308	294	339	433	400
Inquiries	1459	1515	1851	2536	2800
FTE Authorized	10.5	9	9	9.17	9.08

*Projected

Ammendment of HB 2
To Increase Human Rights Commission Funding

Page B-2, line 19

Under Fiscal 1992 "Total" Strike (379,370) add 479,370
Under Fiscal 1992 "State Special Revenue" add 100,000

Under Fiscal 1993 "Total" Strike (379,950) add 479,950
Under Fiscal 1993 "State Special Revenue" add 100,000

EXHIBIT 8
DATE 2-11-91

Exhibit #8
2/11/91
Human Serv.
Subc.

Madam Chair, members of the Committee, my name is Ken Toole. I am here as a representative of the Montanan Human Rights Network. The Network is a coalition of groups from around Montana who are committed to furthering the cause of civil rights. We have local organizations in Great Falls, Billings, Libby, Ronan, Noxon, Bozeman, Helena and Arlee. Most of our member organizations formed because of white supremacist activity in their community.

I am here today to offer testimony to encourage the committee to amend House Bill 2 to increase the Human Rights Commission budget. Specifically, we propose that the committee increase the Commission budget by $100,000 anually. This would fund a full time investigator, clerical support staff and a portion of a hearings examiner.

I would like to explain some of our concerns about the current situation at the Commission. In addition, the Committee should know that I worked as an investigator for the Commission for almost six years so I am very familiar with the operations of the Commission.

I have provided the committee with a copy of the commission case filings and inquiries in relationship to employees during FY87 through present. As you can see, the staff has decreased by 10% while the case load has steadily increased. Please note the dramatic increase in cases filed in FY90. This year the trend seems to be continuing.

The increased case load presents several problems for the Commission and for the businesses and individuals who end up before the Commission. Probably the biggest problem is time.

Currently, the average case processing time for cases filed with Commission as of December 30, 1991 is 326 days. This figure is some what misleading because it includes cases which are settled very quickly, cases which are with drawn and cases which are closed administratively. It is safe to assume that the average processing time for cases which under go a thorough investigation and hearing is much greater.

The time required to process a case effects all of the parties adversely. From the complainants point of view, delays are frustrating and make it difficult to present information. From a respondent's point of view, damages are building the whole time the case is pending and if there is a Commission finding of discrimination the costs to the respondent are much higher.

The older a case gets the more difficult it is to conduct a good investigation. The witnesses move and can not be located or they forget exactly what happened. The parties to the complaint become frustrated and less cooperative. The possibility of mediating a mutually acceptable solution decreases because the paties become entrenched and the stakes increase with each passing day. Finally, should discrimination be found, computing damages becomes vastly more complicated as time goes by. Delays call into question the

Exhibit # 7
2/11/91
EXHIBIT 7
DATE 2-11-91 Human Serv Subc.
HB

HUMAN RIGHTS COMMISSION WORKLOAD

	FY87 actual	FY88 actual	FY89 actual	FY90 actual	FY91 midpoint*	FY90-91 projected**
INQUIRIES	1459	1515	1851	2536	1407	1500
CASES FILED	308	294	339	433	187	300
CASES CLOSED	345	283	286	351	184	280
CASES OPEN AT FISCAL YEAR END	264	275	328	410	413	335

*FY91 midpoint shows status as of December 31, 1990, halfway through FY91

**FY90-91 projected column shows workload projections made by 1989 legislature which formed the basis for the Commission's 1991 biennium appropriation

quality of the investigation.

Another concern is the quality of cases filed with the Commission. If an individual calls with a problem and is told that they may file but won't be contacted for a month and that the investigation may take over a year, they will be discouraged from filing. Remember that commonly victims are not sure they have been discriminated against. Many reasonable individuals simply will not see it as worth the effort, particularly if they are not sure discrimination has occurred. On the other hand, individuals who are out to get some one or are simply unable to understand the law and discrimination will always file complaints with the Commission. As time goes on the Commission will end up dealing with a proportionally higher amount of cases which lack merit.

Finally, we are concerned that, as the Commission becomes more and more mired down in case processing, it becomes more difficult for Commission staff to meet its obligation to protect the public interest in these cases. As an example, the Commission staff commonly negotiates "affirmative relief" (measures designed to eliminate discrimination) with employers and others who are found to be discriminating. If it is not negotiated by the staff it is often ordered by the Commission. These measures often require regular reporting to the Commission. These reports come in but are inadequately reviewed by the staff because of the press of other business.

In the last session of the legislature lawmakers passed a provision to allow parties to move to district court if thier case had been filed with the Commission for a year. In this session there is a bill which would allow parties to file directly in district court. Both of these measures arise from the fact that the Commission process is lengthy. The solution to the problem with Commission processing of cases is not to shift the burden of the cases to an already over burdened court system but to fund the Human Rights Commission adequately.

The difficult question remains. How do we fund this proposal? Several years ago during the Schwinden administration there was a proposal to fund a number of general funded Department of Labor functions through the Administrative tax. At that time, the other functions were funded by the tax but the Commission was exempted.

Currently, the administrative tax fund has a 4 million dollar surplus. The annual income for the tax is 2.7 million. Initially those funds were to go to Job Service Offices but now they are funding a variety of activities. I think that $100,000 per annum is a modest request for this agency. Thank you for your consideration.

6602 LABOR & INDUSTRY
09 WORKERS COMPENSATION JUDGE
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	8.00	8.00	8.00	.00	8.00	8.00	.00
Personal Services	230,916	253,383	251,157	2,226	252,534	250,308	2,226
Operating Expenses	81,232	91,613	94,944	3,331-	92,971	96,093	3,122-
Equipment	2,770	5,600	4,537	1,063	5,600	2,055	3,545
Total Expend.	$314,918	$350,596	$350,638	$42-	$351,105	$348,456	$2,649
Fund Sources							
State Revenue Fund	314,918	350,596	350,638	42-	351,105	348,456	2,649
Total Funds	$314,918	$350,596	$350,638	$42-	$351,105	$348,456	$2,649

LFA Current Level Analysis Reference: page B-60
Executive Budget Summary Reference: page 118
Executive Budget Narrative Reference: page 56

--Executive Over (Under) LFA--

Current Level Issues	FTE	Amount	
A. Reorganization Issues			
NONE			
B. Appropriation Policy Issues			
1. Difference in the Funding Base LFA		($2,937)	($2,933)
2. Difference in Computer Network Charges Exec		$ 20	$ 20
3. Difference in Inflation LFA		($ 414)	($ 209)
C. Program Issues			
1. Executive Budget includes $2862 more than LFA for termination pay for law clerk. State Special Revenue (Work Comp)		$ 1,431	$ 1,431
2. Executive Budget includes $1590 for overtime for clerk of court. State Special Revenue		$ 795	$ 795
3. Executive Budget includes $4608 more for equipment than LFA, consisting of additional software and file cabinet fireproofing. State Special Revenue		$ 1,063	$ 3,545
TOTAL		($ 42)	$ 2,649

EXHIBIT 9
DATE 2-11-91
HB

Exhibit # 9
2/11/91
Human Serv.
Subc

6602 LABOR & INDUSTRY
50 JOB TRAINING GRANTS
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	3.00	.00	.00	.00	.00	.00	.00
Grants	9,312,213	13,941,270	13,940,510	760	14,159,525	14,158,765	760
Benefits and Claims	82,146	0	0	0	0	0	0
Total Expend.	$9,394,359	$13,941,270	$13,940,510	$760	$14,159,525	$14,158,765	$760
Fund Sources							
Federal Revenue Fund	9,394,359	13,941,270	13,940,510	760	14,159,525	14,158,765	760
Total Funds	$9,394,359	$13,941,270	$13,940,510	$760	$14,159,525	$14,158,765	$760

LFA Current Level Analysis Reference: page B-61
Executive Budget Summary Reference: page 118
Executive Budget Narrative Reference: page 62

--Executive Over (Under) LFA--

Current Level Issues	FTE	Amount	
A. Reorganization Issues			
NONE			
B. Appropriation Policy Issues			
1. Difference in the Funding Base		$ 760	$ 760
2. Difference in Computer Network Charges		0	0
3. Difference in Inflation		0	0
C. Program Issues			
NONE			
TOTAL		$ 760	$ 760

Exhibit #10
2/11/91
Human Serv. Subc.

DATE 2-11-91
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D. Executive Budget Modifications

1. EDWAA/TAA Participant Payments $596,435 $664,793

This modification is 100% federally funded and would provide grants and/or supportive service payments to EDWAA/TAA program participants. The EDWAA/TAA program was begun via budget amendment in fiscal 1991. Funds to administer the program are requested in a budget modification in Job Service Division.

	1992	1993
Grants	596,435	664,793
TOTAL	596,435	664,793
Funds:		
Federal JTPA Grants	282,935	325,493
Fed Labor/Industry Funds	313,500	339,300
TOTAL	596,435	664,793

2. Project Work Program $286,145 $286,145

This modification would provide unemployment insurance administrative tax funds to match anticipated grants from the Department of Social and Rehabilitation Services for the Project Work Program (PWP). There is a language appropriation request in the Executive Budget which would allow SRS to trasfer federal PWP grant authority to the Department of Labor and Industry.

	1992	1993
Operating Expenses	286,145	286,145
TOTAL	286,145	286,145
Funds:		
UI Admin Tax	286,145	286,145

2-11-91

2/11/91 Human Res. Subc.

JOB TRAINING PARTNERSHIP ACT (JTPA) Funding Process

The U.S. Department of Labor allocates JTPA funds to Montana through the Governor. The funds which are received by the Governor are Titles IIA, IIB and III.

For Title IIA funds, 22% of the funds are kept at the state level under the jurisdiction of the Job Training Coordinating Council. The Job Training Coordinating Council (JTCC) is appointed by the Governor and acts as his advisors on the following job training programs:

Governors 22% of Title IIA funds include 8% education grants, 5% governors coordination programs (councils, audits etc.), 3% older workers programs and 6% incentive and technical assistance grants.

Along with the Title IIA funds the JTCC also governs 40% of the Title III funds, 10% Governors Discretionary Title III funds and funds from the Montana Legislature for the State Displaced Homemakers program (HB 400).

The JTCC uses the Research, Safety and Training Division of the state Department of Labor and Industry to administer these programs.

The remaining 78% of Title IIA funds are passed through the Governors office and the Department of Labor and Industry's Research, Safety and Training Division to each of the Service Delivery Areas (SDAs) in the State. Montana has two SDAs: the Balance-of-State (BOS) and the Concentrated Employment Program (CEP). The funds are split between the two SDAs based on the national formula. The BOS SDA receives 86% of the funds and the CEP SDA receives 14%.

The Council of Commissioners (CofC) in both SDAs appoint the members of the Private Industry Councils (PIC). In the BOS SDA, the PIC and CofC join together to form the BOS Joint Council which serves as the primary policy making body for the SDA. Both the CofC and the PIC serve as policy making bodies in the CEP SDA.

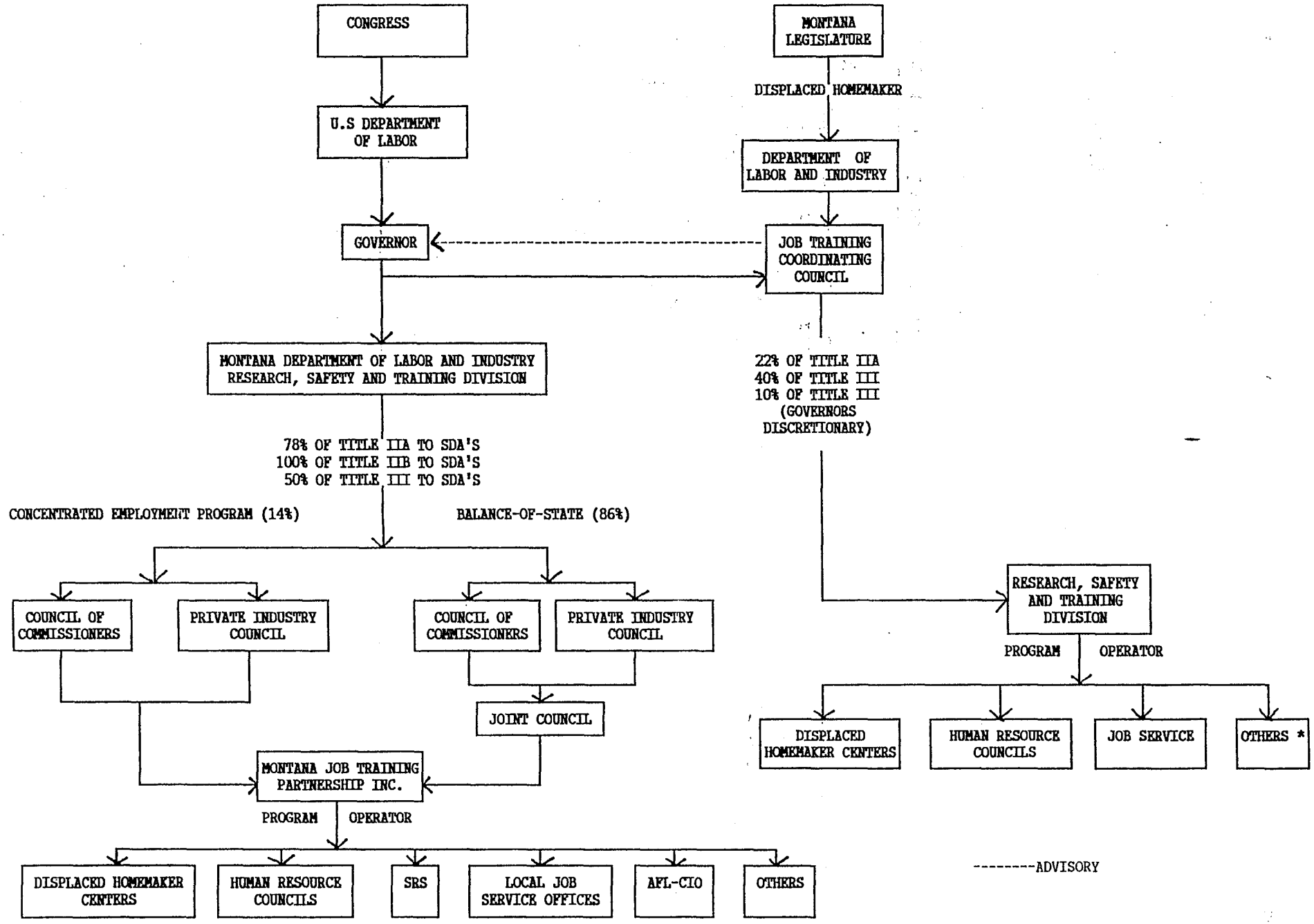
Programs available under Title IIA are IIA Adult and Youth, IIA Adult Displaced Homemakers and IIA Adult Handicapped.

Both SDAs have chosen the Montana Job Training Partnership Inc., as their Administrative Entity and Grant Recipient.

In addition to the 78% IIA funds the SDAs also receive 100% of the Title IIB Summer Youth Employment and Training Program (SYETP) funds which are also split out 86% BOS and 14% CEP. The SYETP programs are operated by Community Based Organizations within the SDA.

All program operators, except the Job Service 40% Rapid Response functions under EDWAA, are funded through the Request for Proposal (RFP) process.

JOB TRAINING PARTNERSHIP ACT (JTPA) & STATE JOB TRAINING FUNDING FLOW CHART



* - OPI: 8% EDUCATION PROGRAMS, RESEARCH AND ANALYSIS: DATA PRODUCTION

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Human Services SUBCOMMITTEE DATE 2/11/91

DEPARTMENT(S) Dept of Labor DIVISION

PLEASE PRINT **PLEASE PRINT**

NAME	REPRESENTING	
ED REGAN	Human Rights Commission	
Brian McCullough	DLI	
Mike [illegible]	DLI	
Anne MacDougall	Human Rights Comm/DLI	
SUE MOHR	MJTP	
Carolyn Squires	Legislator	
Kate Cholewa	MT Womens Lobby	
Robert Andersen	DLI	
Ingrid Danielson	DLI	
Gayle Howell	MT State Displaced Homemaker Network	
Amy Taub	Great Falls YWCA/WORKPLACE Displaced Homemakers	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

6602 LABOR & INDUSTRY
08 HUMAN RIGHTS COMMISSION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	9.84	9.00	9.00	.00	9.00	9.00	.00
Personal Services	270,432	267,306	263,415	3,891	267,462	263,580	3,882
Operating Expenses	125,943	108,064	111,928	3,864-	108,488	112,036	3,548-
Equipment	6,512	4,000	5,600	1,600-	4,000	4,512	512-
Total Expend.	$402,887	$379,370	$380,943	$1,573-	$379,950	$380,128	$178-
Fund Sources							
General Fund	259,440	276,509	284,643	8,134-	277,090	283,828	6,738-
Federal Revenue Fund	143,447	102,861	96,300	6,561	102,860	96,300	6,560
Total Funds	$402,887	$379,370	$380,943	$1,573-	$379,950	$380,128	$178-

LFA Current Level Analysis Reference: page B-59
Executive Budget Summary Reference: page 118
Executive Budget Narrative Reference: page 50

--Executive Over (Under) LFA--

Current Level Issues	FTE	Amount
A. Reorganization Issues		
NONE		
B. Appropriation Policy Issues		
1. Difference in the Funding Base	($7,212)	($7,090)
2. Difference in Computer Network Charges	$3,826	$3,826
3. Difference in Inflation	($478)	($284)
C. Program Issues		
1. Executive Budget funds position #48 at grade 11, step 10. LFA funds at grade 11 step 2 General fund.	$3,621	$3,612
2. Executive budget includes $540 more than LFA for overtime for Board secretary (General Fund)	$270	$270
3. LFA includes $2,112 more than Executive Budget for computer equipment and fax machine (General Fund)	($1,600)	($512)
TOTAL	($ 1,573)	($ 178)
D. Funding Issues		
1. Executive Budget contains higher level of federal funds due to most recent information regarding grant award from federal government.	$ 6,561	$ 6,560

EXHIBIT 6
DATE 2-11-91
HB

Exhibit #6
2/11/91
Human Serv Subc.

Montana Unemployment Insurance

Trust Fund Year End Balances

(1/91)

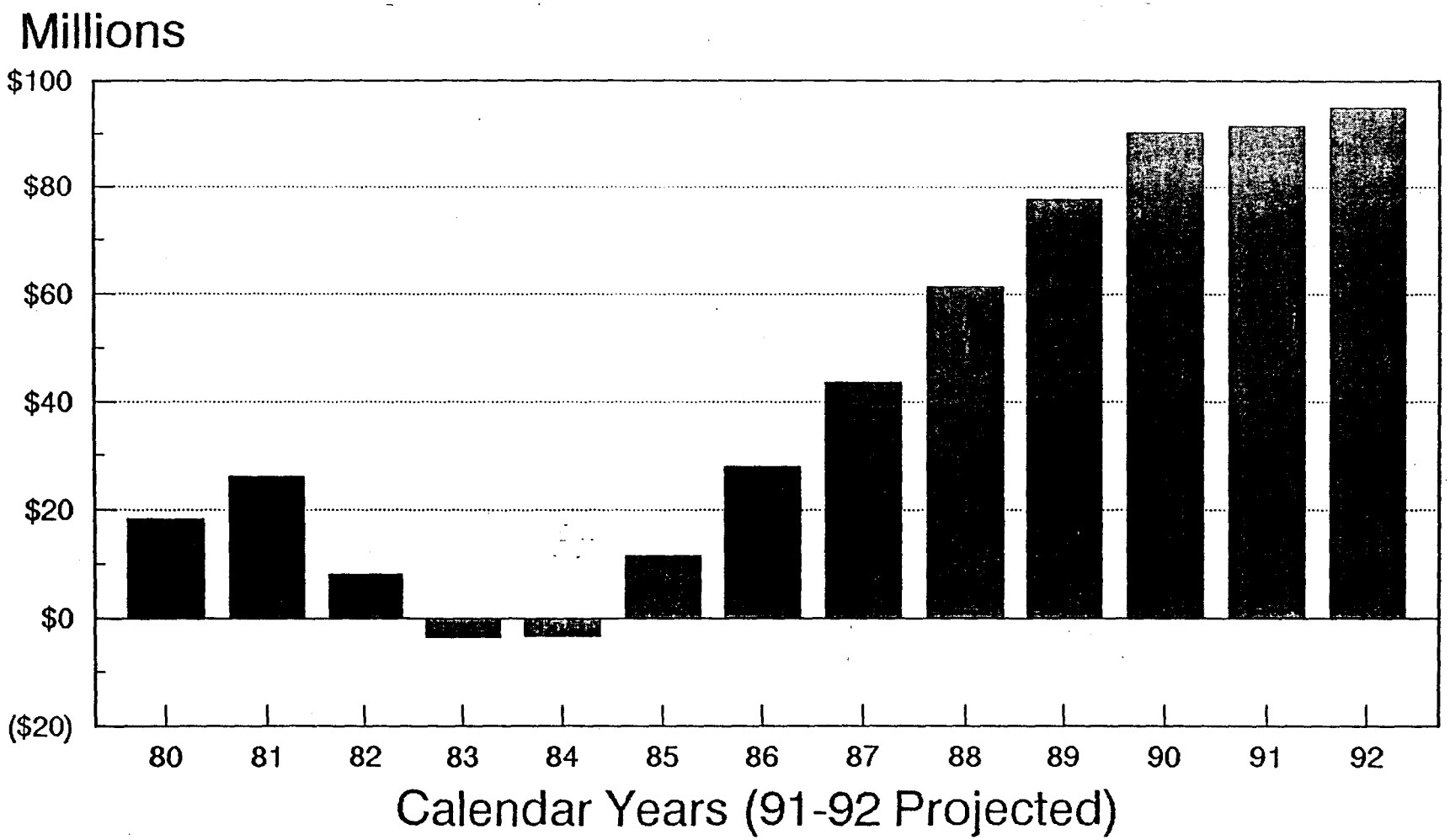


EXHIBIT 5
DATE 2-11-91

Exhibit #5
2/11/91
Human Serv.
Subc.

Executive Budget Modifications

A. Unemployment Insurance Accounts Receivable	3.0	3.0	$129,204	$105,093

This modification addes 3.0 FTE and related operating expenses for collection of UI accounts receivable. The department anticipates collection activities would add approximately $550,000 to the UI insurance fund over the biennium.

	1992	1993
Personal Services	72,291	72,123
Operating Expenses	40,729	32,970
Equipment	16,184	0
Total	129,204	105,093
Funds:		
Federal UI funding	129,204	105,093

6602 LABOR & INDUSTRY
02 UNEMPLOYMENT INSURANCE
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	98.90	95.90	98.90	3.00-	95.90	98.90	3.00-
Personal Services	2,233,167	2,424,291	2,494,753	70,462-	2,420,182	2,491,431	71,249-
Operating Expenses	1,279,684	1,252,033	1,306,002	53,969-	1,239,951	1,284,368	44,417-
Equipment	18,467	69,730	69,730	0	64,243	64,243	0
Total Expend.	$3,531,318	$3,746,054	$3,870,485	$124,431-	$3,724,376	$3,840,042	$115,666-
Fund Sources							
Federal Revenue Fund	3,531,318	3,746,054	3,870,485	124,431-	3,724,376	3,840,042	115,666-
Total Funds	$3,531,318	$3,746,054	$3,870,485	$124,431-	$3,724,376	$3,840,042	$115,666-

LFA Current Level Analysis Reference: page B-51
Executive Budget Summary Reference: page 118
Executive Budget Narrative Reference: page 13

--Executive Over (Under) LFA--

Current Level Issues	FTE		Amount	
A. Reorganization Issues				
NONE				
B. Appropriation Policy Issues				
1. Difference in the Funding Base			(51,284)	(49,393)
2. Difference in Computer Network Charges			15,257	15,257
3. Difference in Inflation			(17,942)	(10,281)
C. Program Issues				
1. The Executive Budget removes 3.0 FTE due to vacancies	(3.0)	(3.0)	(70,462)	(71,249)
TOTAL	(3.0)	(3.0)	($124,431)	($115,666)

EXHIBIT 4
DATE 2-11-91
HB

Exhibit #4
2/11/91
Human Serv.
Subc.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0124, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to permit use of revenues deposited to the unemployment insurance administration account for expenses of administering public employment offices only, restricting use of these revenues for general administrative purposes of the Department of Labor and Industry.

ASSUMPTIONS:

1. Appropriations from the UI administrative account could be made for all activities conducted by public employment offices of the Job Service Division.
2. Appropriations from the UI administrative account for activities other than those conducted by public employment offices of the Job Service Division would be replaced with general fund.
3. Fiscal impact is estimated relative to the executive recommended current level, budget modifications, and proposed pay plan, respectively.
4. The fiscal impact relative to the executive proposed pay plan assumes the personal services base for which UI administrative revenues were used for pay plan amounts under HB0786 enacted by the 51st Legislature.

FISCAL IMPACT:

FUNDING	FY92			FY93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Current Level						
UI Administrative Account	2,099,288	749,885	(1,349,403)	2,093,564	746,499	(1,347,065)
General Fund	0	1,349,403	1,349,403	0	1,347,065	1,347,065
Budget Modifications						
UI Administrative Account	360,000	360,000	0	360,000	360,000	0
General Fund	0	0	0	0	0	0
Pay Plan						
UI Administrative Account	22,500	0	(22,500)	45,000	0	(45,000)
General Fund	0	22,500	22,500	0	45,000	45,000
TOTAL						
UI Administrative Account(03)	2,481,788	1,109,885	(1,371,903)	2,498,564	1,106,499	(1,392,065)
General Fund	0	1,371,903	1,371,903	0	1,392,065	1,392,065

Rod Sundsted 1-14-91

ROD SUNDSTED, BUDGET DIRECTOR DATE

Office of Budget and Program Planning

Bob Gilbert 1/16/91

BOB GILBERT, PRIMARY SPONSOR DATE

Fiscal Note for HB0124, as introduced.

EXHIBIT 3

DATE 2-11-91

HB 124

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0124, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
A bill to permit use of revenues deposited to the unemployment insurance administration account for expenses of administering public employment offices only, restricting use of these revenues for general administrative purposes of the Department of Labor and Industry.

ASSUMPTIONS:
1. Appropriations from the UI administrative account could be made for all activities conducted by public employment offices of the Job Service Division.
2. Appropriations from the UI administrative account for activities other than those conducted by public employment offices of the Job Service Division would be replaced with general fund.
3. Fiscal impact is estimated relative to the executive recommended current level, budget modifications, and proposed pay plan, respectively.
4. The fiscal impact relative to the executive proposed pay plan assumes the personal services base for which UI administrative revenues were used for pay plan amounts under HB0786 enacted by the 51st Legislature.

FISCAL IMPACT:

FUNDING	FY92			FY93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Current Level						
UI Administrative Account	2,099,288	749,885	(1,349,403)	2,093,564	746,499	(1,347,065)
General Fund	0	1,349,403	1,349,403	0	1,347,065	1,347,065
Budget Modifications						
UI Administrative Account	360,000	360,000	0	360,000	360,000	0
General Fund	0	0	0	0	0	0
Pay Plan						
UI Administrative Account	22,500	0	(22,500)	45,000	0	(45,000)
General Fund	0	22,500	22,500	0	45,000	45,000
TOTAL						
UI Administrative Account (03)	2,481,788	1,109,885	(1,371,903)	2,498,564	1,106,499	(1,392,065)
General Fund	0	1,371,903	1,371,903	0	1,392,065	1,392,065

Rod Sundsted 1-14-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Bob Gilbert 1/16/91
BOB GILBERT, PRIMARY SPONSOR DATE

Fiscal Note for HB0124, as introduced.

HB 124