

APPROPRIATIONS - FINANCE & CLAIMS

SUBCOMMITTEE: HUMAN SERVICES

AGENCY I

FEBRUARY 28, 1979 - CAPITOL ANNEX

The meeting was called to order at 7:05 a.m. by Chairman Steve Waldron with the following members present:

Chairman Steve Waldron
Senator Gary Aklestad
Representative Bill Hand
Representative Robert Marks
Senator Pat Regan
Senator Pete Story

Others present were: Dave Fuller, Commissioner of the DL&I; Chet Rusek, Deputy Administrator for Employment Security; Fred Barrett, Administrator of Employment Security; Joe Corbett, Accounting Supervisor for Employment Security; Herb Waltermire, Employment Security; Harold Kansier, Employment Security; Linda Gamble, OBPP and Miral Gamradt, LFA.

EMPLOYMENT SECURITY DIVISION

The chairman reviewed the program. Both the Executive Budget Office and the LFA recommend funding for a computer system. The LFA has taken a 6% vacancy savings whereas the Executive did not because they use the savings to hire contingent staff during peak months. Also the OBPP inadvertently left out \$2,600,000 in grant funds because of a computer error.

Dave Fuller, Commissioner of the department, reviewed the program. He told the subcommittee that 50% of the entire department funds are in this division. They are requesting funds at the current level. They operate on a zero base concept and the federal funds received are based on work production. The more people they place, the more money they receive to do the job.

Fred Barrett, Administrator of the Employment Security Division, explained to the members that there are two methods of funding. The first is a Resource Allocation Formula. This formula is based on performance. The staffing pattern is projected on that premise. The second, in Unemployment Insurance, is a cost model program where they maintain a continuous measure. They must give a continuous report and two FTE maintain the program. The budget is based on the actual claim load. They project to get a base and then extra help can be added if they go over the base. The base is projected from a historical pattern.

Chairman Waldron questioned Mr. Barrett on a bonus system for placement. Mr. Barrett explained that at one time they did try a pilot program of incentive awards where there was a contest between offices and among the office staff. The office with the highest placement and the individuals with the highest placements did receive a bonus. They were hoping to be picked to run a federal pilot program of this nature; but they were not chosen. This policy is not going on at this time.

Mr. Barrett continued by stating that besides claim load they are given credit for placements over 150 days and over \$3.00 per hour.

There are 700 people in this division. Two hundred and fifty persons are located in the Helena office and are responsible for administration of the division, all unemployment claims, data processing and the bulk of paper work. Four hundred and fifty persons are in the field offices. There are 30 offices; twenty four service offices and six training offices.

For unemployment benefits the person must have made enough money in the last four of five quarters to be eligible. If they quit a job with no reason they are penalized six weeks and do not get any payments during that time. The service must pay 80% of the claims within 14 days of filing. This figure will eventually increase to 87% and then to 93%.

Since the federal budget was prepared, the division has been told there can be no expansion. So at this point in time the computer system is out. Mr. Barrett felt the reason the LFA took the 6% vacancy savings was due to the efficiency increase anticipated of the computer. Because they will not be able to use the computer system, he felt they would need the 6% vacancy savings back. He felt there was no justification now for the vacancy savings. Senator Regan told Mr. Barrett that there probably would be some savings and the subcommittee will consider them. It was useless to discuss it further.

Joe Corbett, Chief Fiscal Analyst, explained that if the vacancy savings is taken during a slow month they will not be able to hire the extra staff they require during the busy months. Some months are not indicative of the real picture.

Mr. Barrett told the subcommittee that new programs were also being added which will take consideration. The first is a Targeted Jobs Tax Credit Program. The Employment Security Division will be responsible for certification of


people eligible for this program. When employers hire individuals, depending on job circumstances and within a specific target group, they can receive a substantial tax credit. The division will have to hire between 15-20 people to administer the program. The specific target group includes youth in cooperative education, 18-24 year olds from disadvantaged families, veterans, handicapped, AFDC individuals and CETA qualifiers. An employer can receive up to 50% of the first \$6,000 tax credit the first year and 25% the second year.

The second program being added is federal taxing of unemployment checks. The division will now have to issue W-2 forms for all recipients. This will increase their work load.

Mr. Barrett told the members that if the budget is passed as is, they will probably have to come in for a supplemental. He pointed out that they must live up to the federal mandate and guidelines. He again told the subcommittee that it is all federal dollars coming from the Unemployment Tax on Montana employers. Montana receives back about twice as much money as it puts in.

The meeting was adjourned at 8:30 a.m. until 7:00 p.m. tonight.

Respectfully submitted:



Steve Waldron, Chairman
Approved

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