

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE
ON HUMAN SERVICES
January 12, 1983

Begin Tape 6 Side 1

The meeting was called to order by Chairman John Shontz at 8:10 a.m. All subcommittee members were present.

Also present were: Norman Rostocki and Larry Finch from the Fiscal Analyst's office; George Harris and Ron Weiss from the Office of Budget and Planning and Rod Sager from the Department of Labor and Industry, Bob Jensen from AFSCME and Gary Blewett from the Workmen's Compensation Division.

This meeting was an executive work session to take action on the Department of Labor budget. Larry Finch explained we would attempt to take action on the Department of Labor Commissioner's Office, the Labor Standards and Personnel Appeals.

COMMISSIONER'S OFFICE

Larry Finch explained there were basically two differences in the budget, the first being an FTE difference of 1 FTE over the biennium each year. The LFA analysis allowed for 3 FTE and the executive budget provided for 4 FTE. The actual fiscal 1982 FTE is 3.34 with the .34 FTE having been added through a budget amendment in that year. This budget amendment was removed from the base. Sen. Story MOVED that we accept the Labor Department's request. The Motion was passed.

There was a difference of travel between the LFA and executive. LFA analysis provides for \$3,422 in 1984 and \$3,764 in 1985 and the executive budget has recommended \$6,640 in these years. They requested additional travel funds based on what they anticipate for travel to various conventions around the state and annual conferences.

Sen. Aklestad made a MOTION we accept the travel fund of \$3,422 and \$2,638 budget recommendation from the LFA. Sen. Story seconded.

Sen. Regan wanted to know if this reflected a drop in travel and Rod Sager pointed out that travel was for the former administrator of the Department of Employment Security Division when it was a separate division and that this was now combined.

Norman Rostocki pointed out that the committee should keep in mind that the employment security's budget is substantially reduced. It went from over 300 FTE to 200 some. There has been such a change in the employment security division that there is no way change in travel in est's budget could be identified on SBAS.

Sen. Aklestad wanted to keep in mind that for the record that people paying the taxes on this can't travel as much that perhaps state government won't be able to travel around quite as much either. Larry Finch pointed out that he said the LFA recommendation was \$3400

and \$3700 and the executive recommendation is for \$2600 and \$2688 for a difference of \$3400. This is for travel both in state and out of state.

Sen. Regan proposed a SUBSTITUTE MOTION that we give the Labor Commissioner the travel money requested from the executive budget. Menahan seconded. Motion carried with Sen. Aklestad voting no.

Rep. Winslow made a MOTION that the committee accept the LFA recommendations for the remainder of the budget for the commissioner's office. Sen. Story seconded. Motion passed.

Norman asked for a clarification if the committee voted to accept the executive FTE and the LFA assumed that this would also go with the executive funding because the LFA funding doesn't match and this was so noted. Norman felt since this particular budget and central services is funded from a combination of all other percentages we should hold off funding at this point. Ron Weiss pointed out that this was how it has been done in the past. The Chairman verified we would finalize the figures after all labor budgets were established.

LABOR STANDARDS

Larry Finch defined the issues. The first being the FTE difference. The LFA analysis provided for 13.75 FTE over the biennium and the executive budget called for a 14.75 FTE over the biennium for a difference of 1 FTE. Their analysis removed one FTE from the budget which was a compliance officer which according to the fiscal year end position control report had not been filled for the entire year and does not show it being filled this year. This would reduce compliance officer positions from 5 to 4. George Harris pointed out that from their records this position was filled and the difference was a maternity leave and they show a 14.75 FTE.

Rep. Menahan made a MOTION we put the 14.75 FTE in and the motion was carried unanimously.

APPRENTICESHIP BUREAU

Norman Rostocki explained the LFA analysis has included the apprenticeship bureau in it's current level and the issue before the committee was for the abolishment of the apprenticeship bureau. This was an issue proposed by the Governor's Council on Management. The council thought there might be a savings of \$57,000 in state general funds and \$55,000 in federal funds. LFA showed in their analysis that the workload is dropping off and they offered three options; 1) that they eliminate the bureau, 2) that they don't eliminate the bureau and 3) that they might take into consideration reduction of staff because of the workload dropping.

Rep. Menahan told the committee to remember that if we eliminated this bureau it would mean all apprentices on the job would receive top dollar pay and there would be no apprentices and that it would be shortsighted to just eliminate this bureau. Menahan made a MOTION that we not eliminate the bureau.

Rep. Winslow wanted to know if they had any projections as to whether or not this was going to continue to go down. Norm said the amount of apprenticeship registrations would most likely depend on the construction industry so if the economy were to boom they would most likely increase. The office had actual figures from the year 1978 on. Winslow also wanted to know if we had any staffing level projections and Norm did not have that information.

Sen. Story asked if the only way the apprentices can get into the program now is through the apprenticeship bureau. Rod Sager told him that is was his understanding they cannot unless they are in a registered program. Chairman Shontz explained that the Unions do have programs but if there was no local in an area they would have no alternative but to go through the apprenticeship bureau. This program primarily serves non-union apprentices which make up about 85% of the state employers and this assured a person they could sign up and complete a program and be entitled to then go anywhere else in the country after having served in the apprentice program and then being qualified as a journeyman thus giving them an interstate license. Norman explained the private sector offers a sponsorship. He said that in the Labor presentation it showed it would mainly affect those apprentices who worked for non union employers. Chairman Shontz said the elimination of the bureau would remove non union apprentices from literally functioning in any licensed fashion. The only way a contractor would be able to hire someone at this skill level would be to hire a union employee.

The MOTION proposed by Rep. Menahan was for the current level of funding for the apprenticeship bureau and this motion carried.

The next item concerned the travel difference for the apprenticeship bureau and Norman pointed out the LFA budget showed \$30,800 in 1984 and \$31,000 in 1985 and the executive budget shows \$44,000 and \$45,000. The actual expense in FY 82 was \$28,900. Sen. Regan made a MOTION we accept the LFA travel budget. Questions were asked about the additional request for funding for the travel budget and Rod Sager explained that some is for additional training and to help do an adequate job of supervision. It was pointed out that a 6% increase was usually used in accounting for inflation depending on the specific expenditure category when the figures were being compiled by the LFA and OBPP.

This action concluded the main items of the budget for '84 and '85. Larry Finch pointed out the other items to consider were the remaining line items for the balance of the Labor Standards Division. Rep. Menahan made a MOTION we accept the remaining LFA budget on the line items. This motion carried.

Norman Rostocki wanted a clarification on what the committee had decided to try and figure out the bottom line with the motions and fund with variable general fund and hold the other two sources at maximum level. This was agreed to by the committee members.

End of Tape 6 Side One Begin Tape 6 Side Two

PERSONNEL APPEALS

Rep. Winslow explained there is a bill in to change the appeals process. If this passes then there would be an additional workload and we should follow this legislation. It was suggested that we put a contingency of x dollars and what FTE is contingent upon passage of the bill into our motion. Rep. Winslow MOVED that we retain the hearings officer contingent on passage and approval of the proposed bill. This motion was passed with Aklestad excused.

Larry Finch pointed out there was a difference of FTE between the executive and LFA analysis of .5 FTE. Sen. Story made a MOTION we approve of the executive budget for FTE. Motion was passed with Aklestad excused.

On contracted services Larry Finch pointed out the Governor's Commission on personnel and labor relations has recommended that \$5,000 be appropriated for mediation training. These requests were not included in the LFA current level. Norman Rostocki asked if they were in the executive budget. George Harris explained that the training budget in the executive budget was \$1000 in 1984.

Sen. Regan asked if they currently published cases for attorneys at the present time. Bob Jenses, Administrator of the Personal Appeals Board, answered that they do not publish them except when they are requested they will make a copy and sent it to the interested party.

This amount of money would set this up so that they have all decisions printed and indexed and could then be put out to parties on a subscription basis. Sen. Regan asked if this would become selfsustaining and Mr. Jenses replied that this was the intention of the commission to set this \$5000 up as seed money for the first year. Sen. Regan asked Norman Rostocki if this had been discussed as to how they wanted to handle this whether it would go into a revolving account or how it was going to be handled. She asked how many attorneys they would have subscribing to this service and how much it would cost them. Jensen replied he was unsure but 80 to 100 possibly and probably a rate for the subscription of about \$80 per year.

Norman Rostocki wanted it clarified if the Department intended to receive the money and be able to spend the money they receive and if they were going to have a revolving account or how it was going to be set up. At the present time in both budgets there is no receptacle for this revenue to come into. Rod Sager said that the \$5000 seed money was to get the fund started and as it is ongoing to maintain it it would be appropriate on a revolving basis.

Rep. Winslow MOVED that we accept the executive budget and that there be a revolving account established. Chairmon Shontz said if we put any fund balance removing it at the end of the biennium into the general fund this would force the committee to address this issue again and force the department to bring it back to the committee next time and this was accepted by the committee. The balance in the revolving account would revert to the general fund at the end of the biennium and the dollars in the revolving account could only be used for this specific project. Rep. Winslow was willing for this to become a part of his motion. Motion was passed.

Larry Finch asked for a clarification of the amounts of money passed in the motion and was told it was the executive budget and they approved \$5000, \$4,000 for indexing and \$1000 for mediation training split \$500/\$500 each year of the biennium.

Sen. Regan MOVED we accept the LFA budget for personnel appeals with the exceptions just made. Motion carried.

WORKERS COMPENSATION

Larry gave a breakdown of the issues. One issue that was presented was the FTE difference of 5.67 in 1984 and 6.17 in 1985. The LFA analysis that was presented reduced the program for transfer of the audit bureau to centralized services in 1984 and reduction in FTE levels for positions that were unfilled in fiscal 82. The department argued that the executive recommendation is consistent with the past staffing patterns in caseload. Exhibit 1, 2, 3 and 4

\$440,000 for fiscal '84 and \$100,000 in fiscal '85 is for contracted services for the claims management system which the administration claims is needed to upgrade the 15 traditional functions of the claims management system. The issue was presented in the LFA budget for discussion at the committee to highlight what the requested money would be for and how much would be needed in each year of the biennium. Larry thought this was to be a one time expenditure to get the claims management system in place.

Gary Blewett explained there would be a onetime large investment of about \$440,000 to start the system and then there would be an operating cost of about \$80,000 per year to process claims. There are 15 different kinds of activities one has to deal with when managing claims. Sen. Aklestad wanted to know if these 15 items were actually statues or rules the management is following. Blewett replied this was a management policy

for managing an insurance company in effect. Chairman Shontz wanted it made clear whether the statute dictates the retention of information that they are going to use the computer system. Blewett replied there was general language in the statutes and rules that make this more specific. Sen. Story said in effect there are quite a few types of employers and employee insurance relationships we are dealing with in resolving workman's compensation cases.

Rep. Winslow asked with this kind of layout for the computer if they were expecting to replace some FTE eventually and Blewett replied that eventually they would be but the development would occur in 1984 and in 1985 this is the implantation period they need to have both the existing paper system and the new system to run concurrently for about a year and then phase out in 1986 when about 6 FTE could be eliminated.

Rep. Menahan wanted to know who made the determination on workmen's compensation cases as to who is eligible and Blewett said they have claims examiners who review each claim.

Larry Finch explained another issue was equipment. The department has requested \$148,000 for equipment in fiscal 1984 which includes \$7,500 for a new vehicle for the rehabilitation unit, \$29,387 for office equipment and \$111,000 for computer equipment to supplement the Claims Management System and \$483 for a copying machine lease/purchase, and a request for \$1,803 in fiscal 1985 for replacement of office equipment.

Rep. Bardanoue asked if the department had run any cost benefits figures on these computers versus the way things are being handled now. The Department did give them a breakdown by FTE. Blewett said this chart proclaimed the total claims processed private as well as state fund claims. These numbers don't reflect productivity ratings however. Chairman Shontz asked Blewett if they had done productivity analysis and projected FTE reduction after the computer program is in place and Blewett replied they had. Chairman Shontz asked that we pass over this section until tomorrow when they could provide this information for us as well as a breakdown on claims per FTE by bureau type that showed an actual productivity by manhour and what they expect to have in the 85 biennium.

Larry Finch finished his presentation with the Social Security Offset payments program which are from general fund payments. Benefit payments projected by the LFA is based on past payments. This showed that expenditures in 1982 were \$91,438 and they provided \$90,000 annually in each year of the biennium on the basis of expenditures in 1982 and on the likelihood that client roles would increase. The originally requested \$101,000 for '84 and \$110,000 in '85 was based on anticipated increases in social security of 10% and during the hearings these figures were reduced to \$95,000 and \$102,000 based on a 6% increase in social security.

Minutes of the Meeting of the Joint Appropriations Subcommittee
on Human Services
January 12, 1983

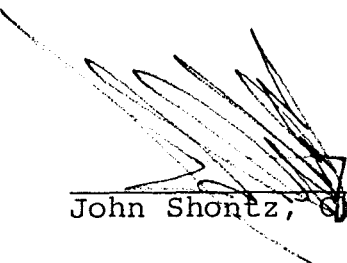
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On the issue of contracted services in the State Insurance Fund there is a difference of \$144,000 in '84 and \$213,000 in '85 which reflects the contract services associated with the computerized claims management system. The LFA has a concern that these concerns are included in two budgets.

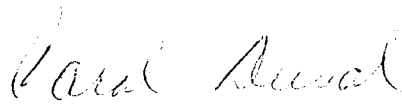
The last issue is the Silicosis Program and there is a bill being presented before this legislature by McBride and Pavolich on this issue.

Meeting was adjourned at 9:45 a.m.

End of Tape 6 Side Two



John Shontz, Chairman



Carol Duval, Secretary

DIVISION OF WORKERS' COMPENSATION

Three Year Lag Workload Analysis

Adjusted FTE			Claims		Workload	
Year	Actual -	Audit	Unit	Year	Number	(claims/FTE)
1975	125	- 6=	119	1972	22,439	189
1976	140	- 6=	134	1973	23,821	178
1977	147	-11=	136	1974	27,097	199
1978	154	-11=	143	1975	27,120	190
1979	153	-11=	142	1976	29,415	207
1980	159	-11=	148	1977	31,734	214
1981	160	-11=	149	1978	32,060	215
1982	166	-12=	154	1979	34,295	223
1983	170	- 0=	170	1980	34,736	204
1984	170	- 0=	170	1981	33,888	199
1985	170	- 0=	170	1982	31,953	188

1. As the volume of claims filed with the Division has increased since 1975, the Division has added FTE's to keep the workload (claims/FTE) at a manageable level.
2. At the last legislative session, the Division requested and was granted an increase in authorized FTE for the 82/83 biennium. The Division has managed within a fairly steady FTE authorization of about 164 FTE between 1977 and 1981. However, the rapid increase in claims from prior years finally stretched the Division's capability within the authorized FTE limits during the 80/81 biennium when the workload exceeded 210 claims per FTE. A manageable workload limit would be no more than 190 claims per FTE, which generally existed in the years before 1979.
3. The volume of claims is now declining due to the recession. This, combined with the increased FTE authorization, has allowed the Division to lower the workload per FTE in 1983, although still somewhat higher than the desirable maximum of 190 claims per FTE.
4. With an expected leveling of claims during the next biennium, the Division has requested for 1984/85 a reduced FTE level (5.83) from the 1983 authorized level. The 170 FTE request will allow the Division to bring the workload within the 190 claims/FTE level and effectively meet its responsibilities.

Department of Labor and Industry

1983 Legislation

Legislative
Council #

Bill

Sponsor

Unemployment Insurance Division

- | | | |
|------|--|----------|
| 0348 | Provide a 0.2 percent increase in unemployment insurance tax for administrative purposes in Job Service offices | Dover |
| 0349 | Increase taxable wage base to 75 percent of annual wage--decrease benefit entitlement to 45 percent of average weekly wage to address UI Trust Fund solvency | |
| 0350 | Provide for minimum qualify wage to be indexed to the average weekly wage | Dover |
| 0351 | Increase penalty for delinquent employers and increase interest on delinquency from 1 percent to 1.5 percent. Reduce accounts receivable. | Fuller |
| 0352 | Freeze wage credits for those receiving compensation under WC and UI eligibility based on date of injury rather than layoff | Driscoll |
| 0353 | Amend Part 25, Extended Benefits--defines suitable work and disqualifications | Harper |
| 0354 | Change the provision for claimants contributing to pension so that a ratio be used as offset | Harper |
| 0355 | Require a waiting week between benefit years to ensure eligibility for 50 percent federal participation in first week of extended benefits | Dover |
| 0356 | Allow for payment of interest on trust fund debts | Harper |
| 0357 | Provides for rounding to nearest lower dollar when computing benefit entitlement | Dover |
| | Change the word "must" to "may" in lien provision | Fuller |

Labor Standards Division

- | | |
|--|----------|
| Revision of Child Labor Law to be consistent with federal statutes | J. Brown |
| Revised Restaurant and Tavern Owners Wage Protection Act. Provide for a three year limit for bonding and expand coverage to include owned premises | Hammond |

Legislative
Council #

Bill Description

Sponsor

A bill to make corporate officers responsible for unpaid wages and other corporate liabilities

Addy

Workers' Compensation Division

Amend statutes for the Uninsured Employers fund to promote solvency of the fund

Smith

A bill to clarify the status of independent contractors regarding coverage under WC. The independent contractor would be required to choose coverage under the Act or forfeit compensation under the uninsured employers fund

Smith

A bill to repeal the statutory requirements for position of boiler inspectors and allow the Division to write job descriptions

Norman

A bill to repeal the statutory requirements for position of mining inspectors and allow the Division to write job descriptions

Norman

Provide an indexing system for crime victims weekly benefit amount to the average weekly wage as occurs in UI and WC benefits

J. Brown

A BILL FOR AN ACT ENTITLED: AN ACT TO AUTHORIZE THE UNEMPLOYMENT INSURANCE DIVISION TO COLLECT CONTRIBUTIONS FROM EMPLOYERS TO BE USED FOR CERTAIN ADMINISTRATIVE PURPOSES AND PROVIDING AN EFFECTIVE DATE.

NEW SECTION. Section 1. Contributions for certain administrative purposes. Beginning with the 3rd quarter of 1983, .2% of the experience rate schedule for contributions purposes and .1% of total wages for those employers not covered under experience rating will be considered as contributions for administrative purposes and will be collected in the same manner as contributions collected for unemployment insurance as provided for in this chapter. All such monies will be deposited in a special account.

NEW SECTION. Section 2. Special administrative account. All monies collected pursuant to Section 1 shall be deposited in the special administrative account and used as approved by the state legislature. Any surplus funds which accumulate in this account shall be used for benefits.

Section 3. Effective date. Sections 1 and 2 will be effective July 1, 1983.

A BILL FOR AN ACT ENTITLED: AN ACT TO PROVIDE FOR THE SOLVENCY OF THE UNEMPLOYMENT INSURANCE TRUST FUND BY INCREASING THE TAXABLE WAGE BASE AND DECREASING THE PERCENT USED IN CALCULATING THE INDIVIDUAL BENEFIT ENTITLEMENT, AMENDING SECTIONS 39-51-1108 and 39-51-2201, MCA; AND PROVIDING AN EFFECTIVE DATE.

Section 1. Section 39-51-1108, MCA, is amended to read:

39-51-1108. Amount of wages per employee subject to contribution.

~~(1) Payment of contributions shall apply only to wages paid up to and including \$4,200 by an employer to an employee with respect to employment during the calendar years 1972, 1973, 1974, and the first calendar quarter of the year 1975;~~

~~(2) For the second calendar quarter of the calendar year 1975 through the fourth calendar quarter of 1977, the taxable wage base for each year is \$4,800;~~

~~(3) Effective January 1, 1978, and thereafter the taxable wage base for each year is \$6,000;~~

(4) For the first calendar quarter of 1979 1983 and thereafter, the taxable wage base for each year is the greater of:

(a) 75% of the average annual wage as determined under 39-51-2201 ⁽²⁾ (rounded to the nearest \$100 not to exceed an increase of \$200 over the taxable wage base of the preceding year) during the calendar year immediately preceding the most recently completed calendar year; or

(b) the amount of taxable wage base specified in the Federal Unemployment Tax Act.

~~(5) Notwithstanding subsection (4) the taxable wage base for 1979 shall be \$7,400;~~

Section 2. Section 39-51-2201, MCA, is amended to read:

39-51-2201. Weekly benefit amount -- determination of average weekly wage. ~~{1}--Any individual whose benefit year begins on or after July 1, 1971, shall receive as his weekly benefit amount an amount equal to one twenty-sixth of his total wages for insured work paid during the calendar quarter of his base period in which his wages were highest.--Such weekly benefit amount, if not a multiple of \$1, shall be rounded to the nearest multiple of \$1.~~

{2} (1) On and after July 1, 1980, 1983, an eligible individual's weekly benefit amount shall be the total base period wages divided by the number of weeks of covered employment times 50% 45%. However, such amount shall not be less than the minimum, or more than the maximum weekly benefit amount.

{3} (2) On or before May 31 of each year, the total wages paid by all employers as reported on contribution reports submitted on or before such date for the preceding calendar year shall be divided by the average monthly number of individuals employed during the same preceding calendar year as reported on such contribution reports. The amount thus obtained shall be divided by 52 and the average weekly wage, rounded to the nearest cent, thus determined. Sixty percent of the average weekly wage shall constitute the maximum weekly benefit amount and shall apply to all maximum weekly benefit amount claims for benefits filed to establish a benefit year commencing on or after July 1 of the same year. Such maximum weekly benefit amount if not a multiple of 1, shall be computed to the nearest multiple of \$1.

{4} (3) The minimum weekly benefit amount shall be 15% of the average weekly wage.

~~{5}--The department shall prepare and publish annually a benefit schedule in accordance with the provisions of this subsection.~~

Section 3. Effective date. Section 1 is effective on passage and approval, Section 2 is effective on July 1, 1983.

A BILL FOR AN ACT ENTITLED: AN ACT TO PROVIDE FOR A CHANGE IN THE MINIMUM QUALIFYING WAGES, AMENDING SECTION 39-51-2105, MCA; AND PROVIDING AN EFFECTIVE DATE.

Section 1. Section 39-51-2105, MCA, is amended to read:

~~39-51-2105. Qualifying wages. (1) To qualify as an insured worker an individual must have been paid wages for insured work in the quarters of his base period an amount totaling not less than $1\frac{1}{2}$ times his base period high-quarter wages.~~

~~(2) (1) On and after July 1, 1980, 1983, to qualify for benefits, an individual must have had at least 20 weeks of work with an average wage per week of an amount equal to that necessary to qualify for the minimum benefit amount of \$50 per week in subject employment in the base period.~~

~~To qualify for benefits, the total base period wages must be \$1,000 or more.~~

~~(3) With respect to weeks of unemployment beginning on or after January 1, 1978, wages for insured work shall include wages paid for previously uncovered services. For the purposes of this subsection, the term "previously uncovered services" means services:~~

~~(a) which were not employment as defined in 39-51-204(1)(a) and (1)(b) at any time during the 1-year period ending December 31, 1975, and~~

~~(b) which:~~

~~(i) are agricultural labor, as defined in 39-51-203(8), or domestic service, as defined in 39-51-203(9); or~~

~~(ii) are services performed by an employee of this state or a political subdivision thereof, as provided in 39-51-203(5), or by an employee of a non-profit educational institution which is not an institution of higher education, as provided in 39-51-203(6), except to the extent that assistance under Title II of the Emergency Jobs and Unemployment Assistance Act of 1974~~

was-paid-on-the-basis-of-such-services-

Section 2. Effective date. Section 1 is effective on July 1, 1983.

A BILL FOR AN ACT ENTITLED: AN ACT TO PROVIDE FOR A WAITING WEEK BETWEEN BENEFIT YEARS WHERE THE CLAIMANT IS IN A COMPENSABLE STATUS AT THE END OF HIS OLD BENEFIT YEAR AND AT THE BEGINNING OF HIS NEW BENEFIT YEAR; AMENDING SECTION 39-51-2104, MCA; AND PROVIDING AN EFFECTIVE DATE.

Section 1. Section 39-51-2104, MCA, is amended to read:

39-51-2104. General benefit eligibility conditions. An unemployed individual is eligible to receive benefits for any week of total unemployment within his benefit year only if the department finds that:

(1) he has registered for work at and thereafter has continued to report at an employment office in accordance with such regulation as the department may prescribe, except that the department may, by regulation, prescribe that in cases in which it finds such requirements oppressive or inconsistent with the purposes of this chapter, an unemployed individual may register and report for work by mail or through other governmental agencies;

(2) he has made a claim for benefits in accordance with the provisions of 39-51-2401;

(3) he is able to work and is available for work and is seeking work; provided, however, that no claimant is considered ineligible in any week of unemployment for failure to comply with the provisions of this subsection if such failure is due to an illness or disability which occurs after he has registered for work and no suitable work has been offered to such claimant after the beginning of such illness or disability;

(4) prior to any week for which he claims benefits he has been totally unemployed for a waiting period of 1 week. ~~However, if claimant's benefit year expires during a period of compensable unemployment, claimant will continue to receive weekly benefits in a new benefit year, if otherwise eligible, without interruption to serve the waiting week for the new benefit year but will thereafter be required to serve the waiting week before receiving benefits during subsequent unemployment in the new benefit year.~~ No week

is counted as a week of total unemployment for the purposes of this subsection:

(a) if benefits have been paid with respect thereto;

(b) unless the individual was eligible for benefits with respect thereto;

(c) unless it occurs within the benefit year of the claimant;

(d) unless it occurs after benefits first could become payable to any individual under this chapter.

Section 2. Effective date. Section 1 is effective on passage and approval.

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE ROUNDING OF THE INDIVIDUAL BENEFIT AMOUNT TO THE NEAREST LOWER FULL DOLLAR AMOUNT; AMENDING SECTIONS 39-51-2201 AND 39-51-2202, MCA; AND PROVIDING AN EFFECTIVE DATE."

Section 1. Section 39-51-2201, MCA, is amended to read:

39-51-2201. Weekly benefit amount -- determination of average weekly wage. ~~{1} Any individual whose benefit year begins on or after July 1, 1971, shall receive as his weekly benefit amount an amount equal to one twenty-sixth of his total wages for insured work paid during the calendar quarter of his base period in which his wages were highest. Such weekly benefit amount, if not a multiple of \$1, shall be rounded to the nearest multiple of \$1.~~

~~{2} (1) On and after July 1, 1980, An eligible individual's weekly benefit amount shall be the total base period wages divided by the number of weeks of covered employment times 50%. Such weekly benefit amount, if not a multiple of \$1, shall be rounded to the nearest lower full dollar amount. However, such amount shall not be less than the minimum, or more than the maximum weekly benefit amount.~~

~~{3} (2) On or before May 31 of each year, the total wages paid by all employers as reported on contribution reports submitted on or before such date for the preceding calendar year shall be divided by the average monthly number of individuals employed during the same preceding calendar year as reported on such contribution reports. The amount thus obtained shall be divided by 52 and the average weekly wage, rounded to the nearest cent, thus determined. Sixty percent of the average weekly wage shall constitute the maximum weekly benefit amount and shall apply to all maximum weekly benefit amount claims for benefits filed to establish a benefit year~~

commencing on or after July 1 of the same year. Such maximum weekly benefit amount if not a multiple of \$1, shall be computed to the nearest ~~multiple of \$1~~: lower full dollar amount.

~~(4)~~ (3) The minimum weekly benefit amount shall be 15% of the average weekly wage. Such minimum weekly benefit amount if not a multiple of \$1, shall be computed to the nearest lower full dollar amount.

~~(5) The department shall prepare and publish annually a benefit schedule in accordance with the provisions of this subsection.~~

Section 2. Section 39-51-2202, MCA, is amended to read:

39-51-2202. Partial payment of benefits. Partial payment for a week of unemployment as used in this section shall be the claimant's weekly benefit amount less 50% of wages earned in excess of one-fourth of his weekly benefit amount. Such wages and the one-fourth weekly benefit amount, if not a multiple of \$1, shall be rounded to the nearest dollar: lower full dollar amount.

Section 3. Effective date. Section 1 and 2 are effective on October 1, 1983.

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ADDITIONAL FUNDING SOURCES FOR THE UNINSURED EMPLOYERS' FUND; AMENDING SECTION 39-71-504, MCA.

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

39-71-504. Funding of fund. The fund shall be funded in the following manner:

(1) The division shall require that the uninsured employer pay to the fund a penalty of either double the premium amount the employer would have paid on the payroll of the employer's workers in this state if the employer had been enrolled with compensation plan No. 3 or \$200, whichever is greater. In determining the premium amount for the calculation of the penalty under this subsection, the division shall make an assessment on how much premium would have been paid on the employer's past 3-year payroll for periods within the 3 years when the employer was uninsured. An assessment for payroll paid by the uninsured employer for any time prior to July 1, 1977, may not be made.

(2) The fund shall receive from an uninsured employer an amount equal to all benefits paid or to be paid from the fund to an injured employee of the uninsured employer. However, the uninsured employer's liability under this subsection may not exceed \$30,000.

(3) The division may determine that the \$1,000 assessments that are charged against an insurer in each case of an industrial death under 39-71-902(1) shall be paid to the uninsured employers' fund rather than the subsequent injury fund.

(4) Should the foregoing funding sources prove to be inadequate, the division shall assess against and collect from every employer a premium to be calculated as a percentage of the gross wage paid to each employee.

(5) The division shall establish the procedure for collection of the premium, including a procedure whereby the obligation to collect such premiums and forward the same to the division would be placed upon all Plan I, II, and III insurers.

(6) The division in fixing premium shall provide for the expenses of administering the fund, the disbursements on account of injuries and deaths of employees, an actuarially sound catastrophe reserve, reserves actuarially determined to meet anticipated and unexpected losses, and such other reserves and surplus as may be determined by the division. The amounts of such reserves and surplus shall be as determined from time to time by the division to be adequate but not excessive for the purposes intended.

(7) The fund shall be neither more nor less than self-supporting.

DO NOT WANT TO CHANGE THIS WAS SUBSECTION

WORKER'S COMPENSATION DIVISION

<u>1. FTE Difference</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Executive	169.50	170.00
LFA	<u>163.83</u>	<u>163.83</u>
Difference	5.67	6.17

Considerations:

LFA levels reduce program for transfer of the audit bureau to centralized services in fiscal 1984 and for all positions unfilled in fiscal 1982.

The department has argued that the executive recommended levels are consistent with past staffing patterns and caseload.

2. Contracted Services for Claims Management (Administration Program)

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
System cost	\$440,004	\$100,569

The department's request for additional Claims Management System contract services cost was presented as an issue for discussion in the LFA Budget Analysis. The committee was provided a handout detailing proposed expenditures for the system.

<u>3. Equipment Purchases</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Total cost	\$148,420	\$1,803

Considerations:

The LFA analysis also presented as an issue for discussion the department's request for equipment. The fiscal 1984 request of \$148,420 includes \$7,490 for a new vehicle for the rehabilitation unit, \$29,387 for office equipment, \$111,060 for computer equipment to supplement the Claims Management System discussed above, and \$483 for a copy machine lease/purchase. The

\$1,803 in fiscal 1985 is for replacement of office equipment.

<u>4. Social Security Offset Payments</u>	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Executive (original)	101,781	110,671
LFA	<u>90,000</u>	<u>90,000</u>
Difference	<u>\$ 11,781</u>	<u>\$ 20,671</u>

Considerations:

The LFA level of Social Security offset payments is based on observations of past payments. These payments are on page 738 of the LFA analysis. We felt that \$90,000 annually over the biennium was adequate given that fiscal 1982 expenditures were only \$91,438 and the likelihood that client rates will decrease.

The department's original requests of \$101,781 in fiscal 1984 and \$110,671 were based on increases in social security payments of 10%. During the hearing these figures were reduced to \$95,000 and \$102,000 based on increases of 6 percent.

5. Contracted Services (State Insurance Fund) Difference

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Executive	\$ 806,847	\$ 931,493
LFA	<u>662,209</u>	<u>718,607</u>
	<u>\$ 144,638</u>	<u>\$ 212,886</u>

Considerations:

The difference here is the LFA removal of expenditures already provided for in program 50 contract services.

LFA VACANCY SAVINGS FACTORS

DEPARTMENT OF LABOR AND INDUSTRY

	<u>LFA FTE</u>
Commissioner's Office	3.50 %
Labor Standards	3.50
Personnel Appeals	3.50
Human Rights	3.50
Worker's Compensation	
Administration	3.50
State Insurance Fund	3.50
Insurance Compliance	3.50
Safety and Health	3.50
Job Service	6.00
Unemployment Insurance	6.00
Centralized Services	6.00

1. Level of funding

	Regen's budg. (Dept req)	current level	diff.
<u>FY 1984</u> - Fte	293	356	63
- total	\$12,219,565	\$14,162,377	\$1,942,812
 FY 1985 -			
Fte	236.75	356	119.25
total	\$11,017,703	\$14,529,027	\$3,511,324
	supports 7 job service offices	supports 24 job service offices	

Considerations

1. Dept. has separate legislation increasing the unemployment tax 0.2% to raise funds sufficient to keep all 24 job service offices open.

2. This committee determines the amount of funds that can be spent for job service offices, regardless of how the proposed legislation fares in other committees. We propose the following language:

Federal funds totalling \$ _____ in FY 1984 and \$ _____ in FY 1985 are to provide for job service offices and up to 155 fte. If the federal funds are less than amounts, the Department may supplement federal funds with state unemployment taxes collected specifically for administration of local job service offices

DEPT. OF LABOR & INDUSTRY: JOB SERVICE DIVISION AND CENTRAL. SERVICES DIV.

ADDITIONAL FUNDING REQUIRED TO RESTORE CURRENT LEVEL

DIVISION/ACTIVITY	SFY84		SFY85	
	FTE	AMOUNT	FTE	AMOUNT
Job Service Division				
Job Service Base	41.00	\$ 1,124,861	88.25	\$ 2,455,081
Other Programs	<u>22.00</u>	<u>817,951</u>	<u>31.00</u>	<u>1,056,243</u>
Total	63.00	1,942,812	119.25	3,511,324
<hr/>				
Centralized Services Div.				
Job Service Base	4.39	345,101	11.10	615,961
Other Programs	<u>2.36</u>	<u>67,708</u>	<u>3.90</u>	<u>99,189</u>
Total	6.75	412,809	15.00	715,150
<hr/>				
Totals For Job Service Base				
Job Service Division	41.00	1,124,861	88.25	2,455,081
Central. Services Div.	<u>4.39</u>	<u>345,101</u>	<u>11.10</u>	<u>615,961</u>
Total	45.39	1,469,962	99.35	3,071,042

Unemployment Insurance

1. LFA / EXCEL Differ by 2,685 on projection for current level program costs (see spread sheet)
2. This committee only establishes the administration costs of this program. Various legislation affecting the benefit rates, unemployment tax, and penalties will not affect the administration budget.