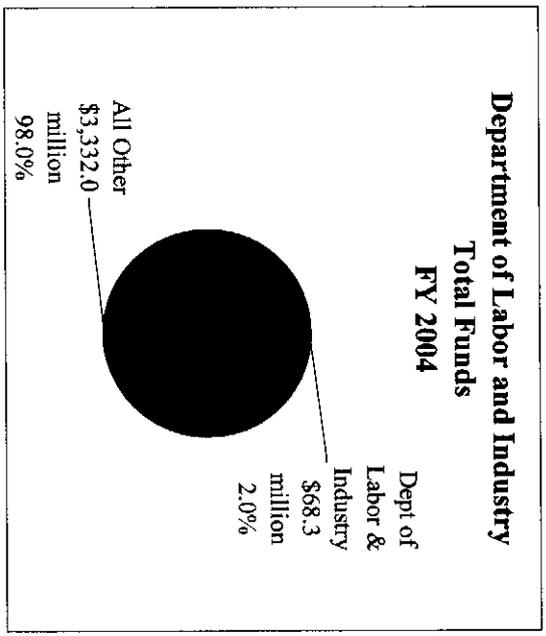
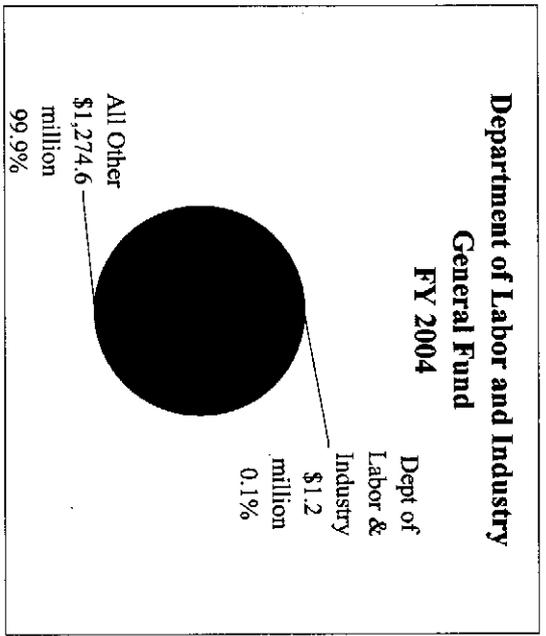


# Department of Labor and Industry Agency Profile<sup>1</sup>



## WHAT DOES THE AGENCY DO?

The Department of Labor and Industry (DOLI) works to promote the well being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities through the following functions:

- o Oversee and regulate the Montana Workers' Compensation system
- o Enforce state/federal labor standards, anti-discrimination laws, and state/federal occupational safety health laws
- o Provide adjudicative services in labor-management disputes
- o Administer unemployment insurance, establish unemployment insurance tax rates, collects employer contributions, and disburse state unemployment benefits
- o Serve as an employment agency, provide job training to assist individuals in preparing for and finding jobs, and assist employers in finding workers
- o Oversee federal and state training and apprenticeship programs
- o Conduct research and collect employment statistics
- o Administer the federal AmeriCorps, Learn and Serve programs through the Office of Community Services
- o License, inspect, test, and certify all weighing or measuring devices used in making commercial transactions in the State of Montana
- o Provide administrative and clerical services to the 35 professional boards and occupational licensing programs authorized by state statutes
- o Establish and enforce minimum building codes

Total FTE: 746.98 for fiscal 2004 (includes both HB 2 and HB 576 authority)

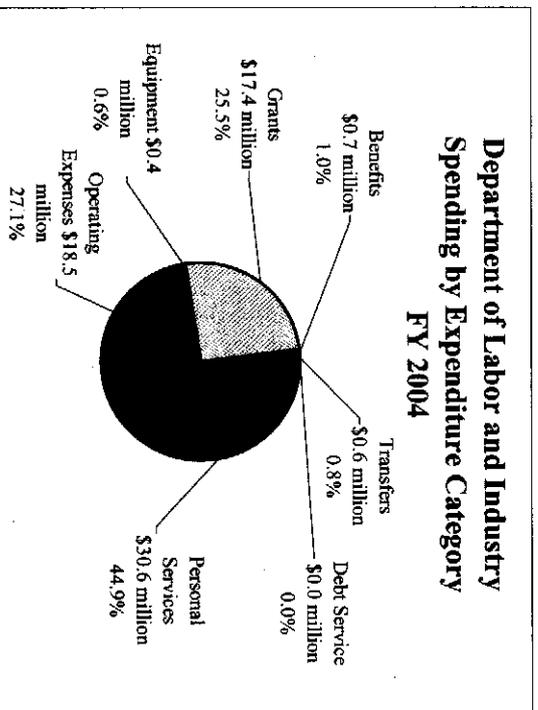
<sup>1</sup> For an explanation of terms used in this profile, consult the ...

## How Services Are Provided

The Department of Labor and Industry consists of five divisions and two administratively attached entities with the following functions:

- 1) **Workforce Services Division** develops and maintains a high quality workforce system with employment and training services that enhance economic health of Montana
- 2) **Employment Relations Division** upholds public policy related to the employment relationship, including workers compensation regulation, workplace safety, labor standards and discrimination
- 3) **Unemployment Insurance Division** administers short-term economic relief benefits to eligible unemployed workers from a fund financed by employers
- 4) **Business Standards Division** provides licensing, inspection and regulation of buildings, equipment and professional standards for the benefit of consumer safety and quality
- 5) **Centralized Services/Commissioner's Division** provides comprehensive administrative support to all department divisions and programs
- 6) **Workers' Compensation Court** provides a fair forum to resolve disputes under the MT Workers' Compensation Act and the Occupational Disease Act
- 7) **Office of Community Service** administers national service programs (AmeriCorps and Learn and Serve) and other volunteer community service programs in Montana

The Department of Labor and Industry provides these services and functions primarily through the employment of state FTE (47 percent of expenditures), who staff Job Service offices, disburse unemployment benefits, adjudicate disputes in administrative and court hearings, regulate and license various businesses and professions, and provide staff support for professional boards and committees. Additionally, the department funds job training and related dislocated worker support programs, as well as community based volunteer programs by dispersing grants (27 percent of expenditures) to service providers (e.g. vocational and technical schools, non-profit social service groups). Finally, employment agency services are provided in a community-based setting through 17 Job Service Centers located throughout Montana, adding to operations costs (25 percent of expenditures).



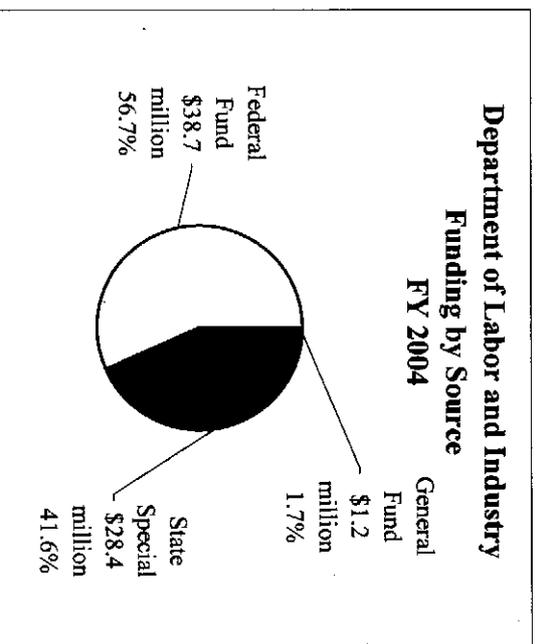
## How Services are Funded

The Department of Labor and Industry is almost exclusively funded from federal and state special revenue sources.

Federal special revenue provides 57 percent of department funding. These funds are primarily through job training and workforce investment program funding, but also from unemployment insurance administration funding and community service grant programs such as Americorps.

State special revenue provides 41 percent of department funding. Most of the revenue is from licensing and regulatory fees on professions and occupations, from administrative fees related to workers compensation, and from the employment security tax on employers.

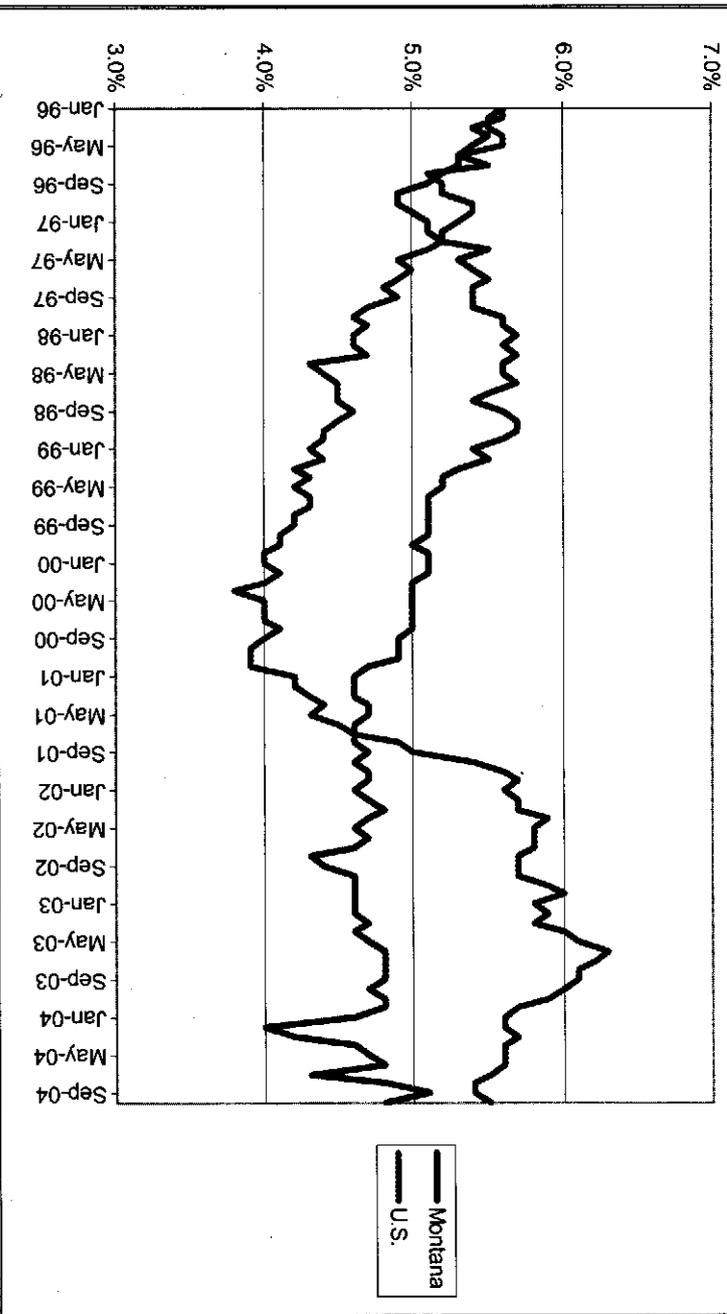
General fund revenue provides just 2 percent of department funding, supporting silicosis and social security benefits, human rights enforcement and hearings, the Jobs for Montana Graduates program, and the match required for federal community service funding.



## Related Data and Statistics

<i>Element</i>	<i>1996</i>	<i>2004</i>	<i>Significance of Data</i>
Montana Unemployment Rate	5.3%	4.8%	Influences job service programs and unemployment benefits administration
Unemployment benefits paid	\$72.4M	\$96.8M	Indicates demand for benefits administration
Workers receiving job training	450	786	Indicates demand for job service programs
Total number of Job Seekers	27,767	34,178	Indicates demand for job service programs
Workers' Compensation Claims	32,728	33,603	Indicates demand for services
Filed			
Weights & measures inspections	16,167	18,628	Indicates demand for services
Number of professional and occupational licensing boards	37	35	Indicates changes to workload over time
Number of Americorps members	227	222	Indicates demand for program and changes to work load

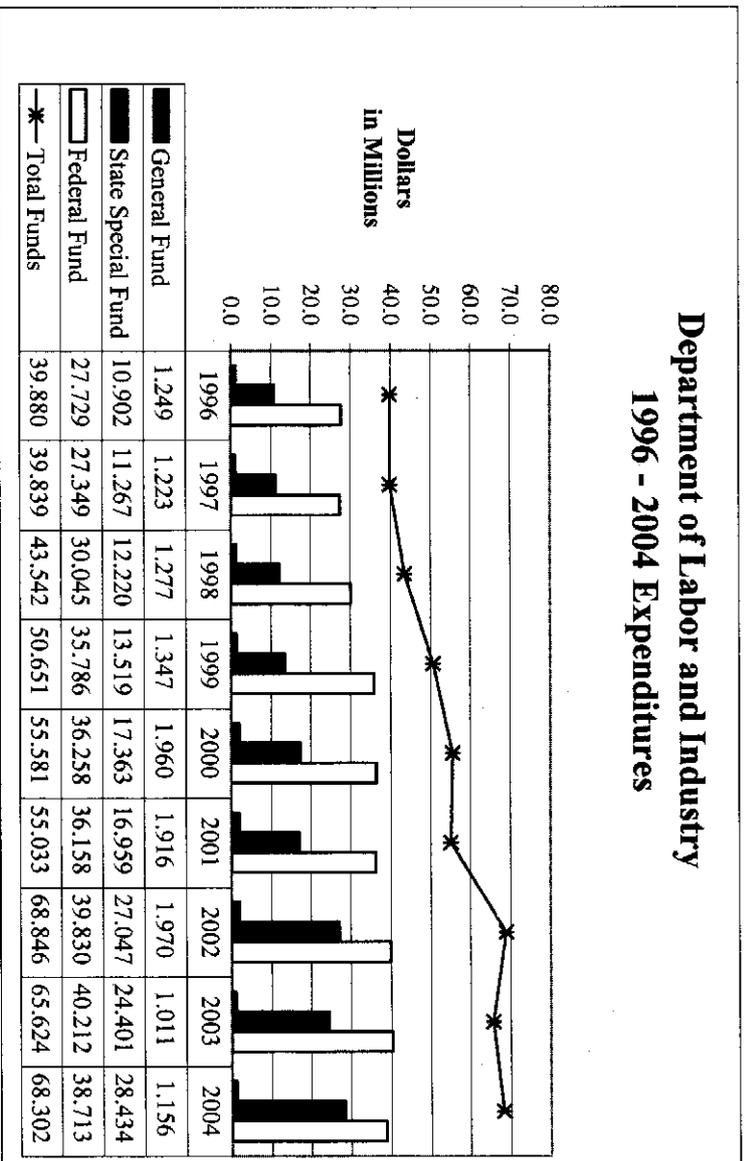
**Comparative Unemployment Rate  
Montana and United States**  
(Seasonally Adjusted Preliminary January 2004 data)



Data Source: Montana Department of Labor and Industry  
Research and Analysis Bureau – U.S. Bureau of Labor Statistics (<http://ourfactsonyourfuture.com/>)

## Expenditure History

### Department of Labor and Industry 1996 - 2004 Expenditures



Dept of Labor & Industry		
Fund	Percent of Total (2004)	Average Growth (1996 - 2004)
General Fund	1.7%	-1.0%
State Special Fund	41.6%	12.7%
Federal Fund	56.7%	4.3%
Total Funds	100.0%	7.0%

### Reasons for Expenditure Growth/Change

- o Despite the overall decline in general fund expenditures, there was a temporary, three-year spike in FY 2000-2002 as expenditures grew by 45 percent and maintained that level for three years. This growth is attributed to the following expenditures:
  - o Jobs for Montana Graduates was given a \$280,000 per year increase;
  - o The Human Rights Commission was given a \$142,000 per year increase.
- o By FY 2003, however, general fund expenditures drop below the 1999 level as the 2002 special session moved the Apprenticeship & Training Program, Jobs for Montana Graduates, the Displaced Homemakers Program, and a portion of human rights funding off general fund and replaced it with Employment Security Account funds.

- o State special revenue expenditures have increased over the period due in part to the state pay plan, and an increase in demand by employers for a variety of business services delivered through Job Service Workforce Centers. As of FY 2002, however, state special revenue expenditures experienced an increase of more than 60 percent. This increase can be attributed to the departmental reorganization that moved these 3 divisions from the Department of Commerce (Weights & Measures, Professional and Occupational Licensing, and Building Codes) to the Department of Labor and Industry. This reorganization increased DOLI FTE by 106.3 and state special revenue expenditures by \$9.4 million per year.
- o Federal special revenue expenditures have experienced a steady but smaller level of growth during this time, but there are two significant spikes:
  - o FY 1999 expenditures increased by 19 percent over FY 1998 due to increased federal funding for job training and welfare to work programs. Much of these expenditures were in the form of grants;
  - o FY 2003 expenditures increased by 1.1 percent due to increased federal funding for community service programs, unemployment insurance administrative upgrades, increase in the Unemployment Insurance Contingency Fund, and additional Workforce Investment Act grants.

### **Agency Functions, State Purposes Served, and Customers**

The Department of Labor and Industry is structured to perform certain functions. The functions are in support of overarching policy objectives. The following lists the major functions, overarching policy objectives of provision of the functions, and primary customers served. Please note that LFD staff has both identified general state overarching policy objectives and assigned functions. For an explanation of the overarching policy objectives and how they were derived, please refer to the “Background on the Agency Profiles” document.

<b>Overarching Policy Objectives</b>	<b>Major Agency Functions</b>	<b>Customers</b>
<i>Provision of Justice and Protection of Life and Property</i>	Adjudicate worker compensation disputes Adjudicate unemployment benefits disputes Adjudicate civil rights/discrimination disputes	Injured workers and employers Unemployed workers and employers Workers and employers
<i>Workforce Support</i>	Job Service employment & training agency Unemployment insurance benefits Data research and analysis	Unemployed workers and employers Unemployed workers Workers and employers
<i>Consumer/Citizen Protection</i>	Enforce workplace safety standards Enforce building codes and weights/measures Regulate and license professional standards	Workers and employers Consumers Consumers
<i>Infrastructure – Government and Physical</i>	Community service volunteer coordination	General public and citizenry
<i>General Operation of State Government</i>	Administrative Support and Leadership	Department of Labor and Industry

### **HOW CAN THE LEGISLATURE EFFECT CHANGE?**

In order to change expenditure levels and/or Department of Labor and Industry activity, the legislature must address one or more of the following basic elements that drive costs.

- o Workplace safety regulations – while there is a body of federal regulation that governs workplace safety (e.g. OSHA), state government also has the opportunity to regulate workplace conditions and determine how those regulations will be enforced. Addressing the definitions of workplace regulations as well as the frequency and manner that regulations are enforced, and defining the remedies and sanctions related to violations may influence activity of the Department of Labor and Industry. All of these affect the department's work in this area including hearings activity.
- o Human/Civil rights protections – also in the area of human/civil rights, addressing the regulations, protections and remedies or sanctions in this area may change department activity. There are rights protections that are a matter of federal regulation, but state regulations may provide broader coverage than the federal regulations.
- o Unemployment benefit eligibility and employer taxation – while much of the unemployment benefits system is driven by federal regulation (US Department of Labor) each state has the authority to define the eligibility criteria for benefits, the benefit levels for eligible recipients, and the tax schedule that employers use in contributing to the unemployment insurance trust fund. Therefore, addressing the definitions of eligibility, benefit levels and tax schedules can change department activity.
- o Building codes/weights and measures – the regulations that govern building codes as well as weights and measures include a body of state statute that defines both the standards as well as the frequency and content of inspections and enforcement. Each of these definitions can be addressed in order to change department activity in this area.
- o Number of professional/occupational licensing boards – presently the Department of Labor and Industry provides administrative support for 32 licensing boards and 3 licensing programs. The regulations that govern these 35 areas, as well as the potential for additional areas to regulate, are a function of how the state defines its responsibilities in this area. Department activity in regulating may be addressed through these definitions and through decisions to add more professions/occupations to state regulation and oversight.
- o Accessibility of job service programs – in order to deliver employment agency and job training programs to dislocated workers and employers, the department operates 24 Job Service centers across Montana with 14 regional managers. Addressing either the number of centers in operation and/or the level of program delivery to be offered at each center may change department activity in this area.

### **Statewide Factors with Impact**

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

- o State FTE – state employees perform most functions of the Department of Labor and Industry, with personal services accounting for 45 percent of department expenditures; personal service costs are the largest single area that drives costs. Therefore any decisions that change FTE levels will have a direct and immediate impact on the delivery of services/functions by the department. Factors affecting personal service costs include:
  - o Professional/technical/educational requirements of FTE job descriptions;
  - o Cost of benefits
  - o Years of service or longevity
- o Economic factors
  - o Job dislocation
  - o Unemployment rate

### **Statutory References**

The primary statutory references defining duties and responsibilities of the department are found at the following locations.

Primarily Titles 18, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.