

EXHIBIT 2  
DATE 2/1/11  
MS Dept. of Labor & Ind.



**MONTANA DEPARTMENT OF LABOR AND INDUSTRY**

Budget Presentation for the Joint Appropriations Subcommittee  
General Government 2011 Legislative Session

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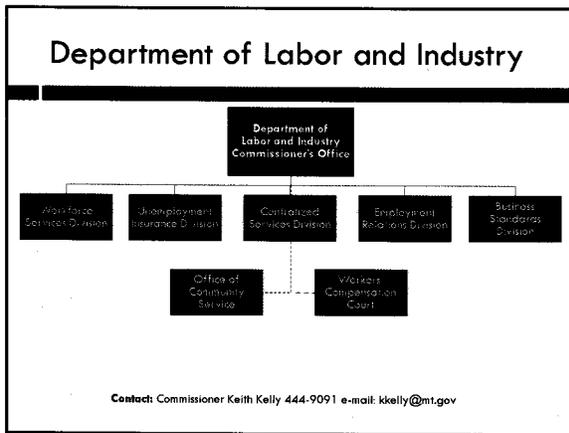
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### Administrative Support & Licensing

<b>Food and Lodging Bureau</b> Chemical Dependency Program Alternative Health Care Psychologists Speech Pathologists Medical Examiners Athletic Trainers Radiologic Tech Funeral Services Chiropractors Social Workers Nursing Occupational Therapists	<b>Building Codes Bureau</b> Fire Protection Program Boilers Licensing Program Barbers Licensing Program	<b>Business &amp; Occupational Licensing Bureau</b> Massage Therapists Nursing Home Admin Physical Therapy Examiners Optometry Dentistry Hearing Aid Dispenser Pharmacy Clinical Lab Science Adolescent Residential Veterinary Medicine Respiratory Care Practitioners	<b>Architects &amp; Landscape Architects</b> Sanitarians Private Security Officers Cosmetologists/Barbers Electrical Plumbers Outfitters
<b>Building Codes Bureau</b> Fire Protection Program Boilers Licensing Program Barbers Licensing Program	<b>Crane Licensing Program</b> Elevators Program	<b>Architects &amp; Landscape Architects</b> Athletic Licensing Program Professional Engineers Public Accountants Realty Regulation & Recovery Real Estate Appraisers	<b>Sanitarians</b> Private Security Officers Cosmetologists/Barbers Electrical Plumbers Outfitters

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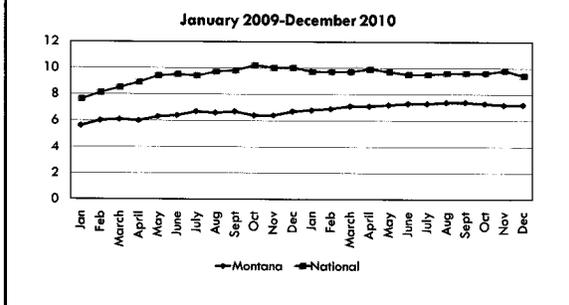
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## Unemployment Rates




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## Helping Business Grow

- Incumbent Worker Training Program
  - 175 businesses have received training for their employees to date
- Workforce Innovation Regional Economic Development (WIRED) Grant
  - 889 individuals went to work after receiving training
- Regional Innovation Grant (RIG)
- Apprenticeship & Training
  - New Pre-Apprenticeship training program




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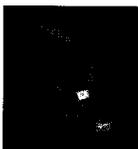
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## Making Safety a Priority

- Labor Management Advisory Council (LMAC) Developed a Comprehensive Package to Reduce Workers' Compensation Rates
- SafetyFest – Provides Training at no Cost to Businesses That Want to Improve Their Safety Record
- The Safety and Health Bureau Helps Small Businesses Develop Safety Plans to Qualify for Workers' Compensation Group Rates




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### Efficiency

- Online Services are Providing More Access to DLI Programs for Both Employers and Their Workers
- Webinars and Go-to-Meetings are Reducing Travel Costs
- The Business Standards Division is Facilitating Online Licensing for Professional Occupations as well as the Building Permit and Inspection Process
- The Department Not Only Met But Exceeded the Governor's 20x10 Energy Initiative by Reducing Our Energy Costs by 30%

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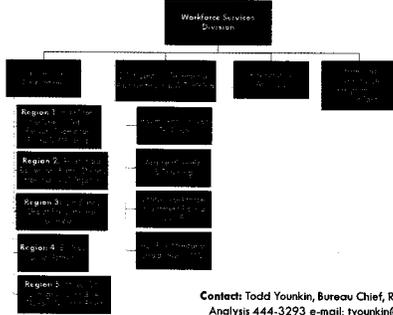
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### Workforce Services Division



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### Local Job Service Offices By Location/MACo District



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### Job Service Operations Bureau

- 23 local Job Service Offices Statewide
- Gateway to Workforce Development Services
  - Jobseeker Services
  - Business Services
  - Economic/Community Development Services



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### Job Service Operations Bureau

#### Jobseeker Services

- Job Search Assistance
- Re-employment Services
- Assistance with Filing Claims for UI Claimants
- Referral to Job Training Programs
- One-Stop Referral to Most Government Agencies



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### Job Service Operations Bureau

#### Business Services

- Assistance with Job Posting/Recruiting/Referrals
- Labor Market Information
- Wage/Hour and Employment Law Information
- Business Startup Tools and Resources
- Job Analysis and Job Description Assistance
- Assistance to Business Clinics (ABC)



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### Job Service Operations Bureau

#### Economic/Community Development

- Community Management Teams
- Business Expansion and Retention (BEAR) Teams
- Job Service Employers' Committee (JSEC)




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### 21<sup>st</sup> Century Workforce Technology, Apprenticeship, and Training Bureau

- Jobs for Montana's Graduates
- Incumbent Worker Training
- Apprenticeship and Training




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### Jobs for Montana's Graduates

- Targets Students at Risk of not Graduating High School
- Teaches Work Skills, Teamwork, Leadership, and Communication
- Approximately 1,100 Students Served in 54 Schools
- Cost per Student -- \$515
- A JMG Graduate who Works Full-time Earning \$10/hr Repays in Income Taxes the Cost of the Senior Program in 14 Months.




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### Jobs for Montana's Graduates

- **Nationally recognized - top Jobs For America's Graduates (JAG) program!**
- 95% of JMG Seniors Graduate High School Compared to the Montana State Rate of 88.6% (Consider that JMG Kids are Identified as Most Likely to Dropout)
- Of These Graduates, 93% go on to Jobs, the Military, or Post Secondary Education




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### Incumbent Worker Training

- Established by 61<sup>st</sup> Legislature in SB 388
- Provides Grants to Small Businesses for Training Employees
- Training Improves Capacity, Productivity, Markets and, Other Factors for Montana's Small Business Community
- 240 Applications Received to Date with Request to Train 540 Workers




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### Apprenticeship and Training

- Regulates Apprentice Training in Montana
- Supports Over 700 employers and 1,120 Apprentices in Skilled Trades
- 85% of Apprenticeship Graduates since 1997 are Still Working/Living in Montana, Supporting Local Economies, and Contributing Back to Montana at Journeyman Wage Level




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### Research and Analysis Bureau



- State and Local Labor Market Information Products and Services
- Career Information Products and Services

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### Statewide Program and Oversight Bureau

- Oversight and Management of Federal and State Job Training Programs
  - Workforce Investment Act
  - Trade Adjustment Act
  - Displaced Homemaker
- Data/Systems Management and Production for State Automated Labor Exchange System (MontanaWorks)
- Data Validation/Oversight and Reporting for Federal Programs as Required by Law

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### Workforce Services Division Decision Packages

- Present Law Adjustments
- DP101 - Indirect Rate Adjustment
  - DP102 - Incumbent Worker Program
  - DP105 - Displaced Homemaker Program
  - DP106 - Motor Pool Reduction
- New Proposal
- DP107- Increase Federal Grant TAA

Pages A-276 – A-278

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Workforce Services Division Decision Packages	
<b>5% Plan per 17-7-111,MCA</b>	
<b>General Fund</b>	
<input type="checkbox"/> DP55400 - 4% Personal Services Reduction	\$78,558
<input checked="" type="checkbox"/> DP95102 - 5% Plan - Community College Student Growth Reduction	\$78,910
<input checked="" type="checkbox"/> DP95103 - 5% Plan - Travel and Supplies Reduction	\$1,915
<b>State Special</b>	
<input checked="" type="checkbox"/> DP95101 - 5% Plan - Unspecified State Special Revenue Reduction	\$1,094,968

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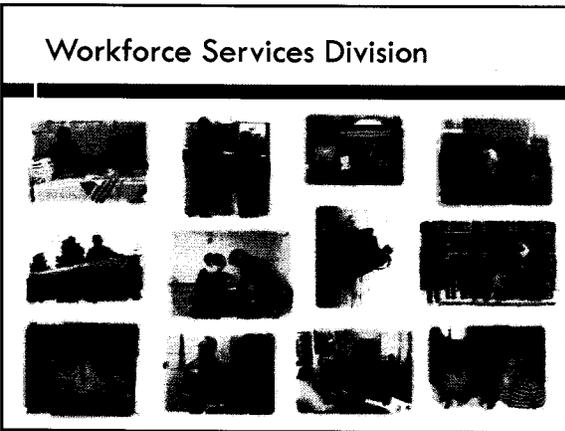
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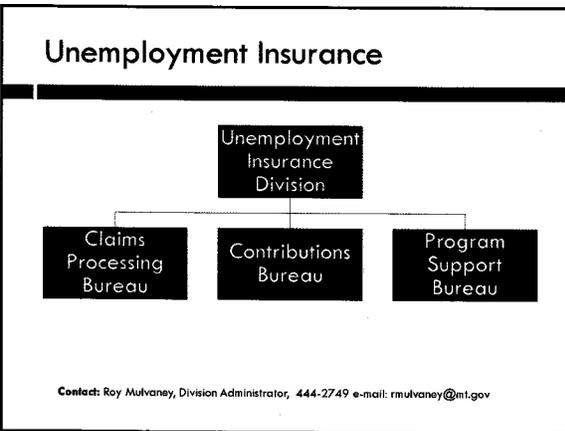
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## Purpose of UI

UI is a Wage Insurance Program That Provides Short-term Economic Assistance to Eligible Workers From a Trust Fund Financed by Employers.

- ▣ Stabilizes the Local Economy
- ▣ Benefits Lighten the Burden for Unemployed Workers and Enables Workers to Remain in Area to Become Re-employed
- ▣ Maintains Purchasing Power in Community




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## Who Do We Serve?

Employers served in SFY10	36,643
Covered Employees	427,400
Employer Registrations	4,081
Quarterly Reports	150,000
Wage Records	1.9 Million
Contributions Collected	\$83.5 Million
Employer Audits	837
Assistance for Business Clinics	15 Cities

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## Who Do We Serve ?

Claimants Served	SFY10
Claims Filed	132,227
Total Benefits Paid – State and Federal	\$357,737,086
Payments Issued	855,271
Issues Resolved	178,246
UI Claim Calls Answered	149,814
Coordinated with Local Job Service Offices	4,300 Claimants
Participated in Over 30 Rapid Response Efforts	846 workers

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### Ensure Program Integrity

- Audit and Investigate Claims (9,388)
- Collect Benefit Overpayments and Employer Underpayments
- Investigate Tips and Leads (474)
- Provide Tax and Benefit Control Programs
- Data Validation, Oversight, and Reporting
- UI Trust Fund Management




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### UI Trust Fund Structure

Employers Contribute to the UI Trust Fund and Report Quarterly.

- Rate Schedule is Set Annually.
  - Individual Employer Rates are Assigned Within the Rate Schedule Based on Contributions Paid and Benefits Charged to Their Particular Account.

Benefits are Paid to Eligible Claimants.




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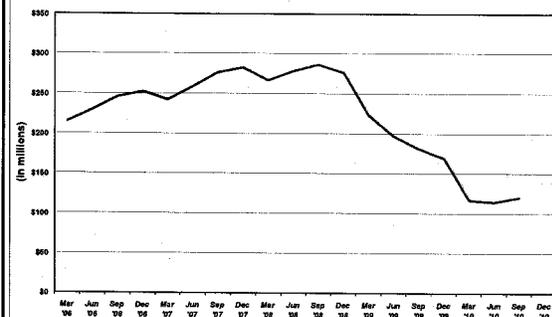
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UI Trust Fund Balance 2006 - 2010  
\$126.9 Million as of 11/30/2010




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## Economic Impact of UI

From July 2008 to November 2010, Montana has Paid out \$698.3 Million in Benefits.

Total Benefits Paid July 2008 – Nov 2010	Turnover Rate	Economic Impact
\$698.3 Million	1.6	\$1.12 Billion
\$698.3 Million	2.0	\$1.40 Billion

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## Unemployment Insurance Division Decision Packages

### Present Law Adjustments

- DP201 - UI Indirect Rate Adjustment
- DP202 - UI Operating Increase

### New Proposal

- DP203 - UI Modernization (3 FTE)

Pages A-282 – A-283

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## UI Budget Request

- Requesting 3 FTE to Ensure Proper Payments of New Laws Passed by the 2009 Legislature
  - Currently Using Modified FTE – Paying with Additional Federal Grant Funds Received for Claims Workload
  - Future Funding will be From the Federal Administrative Grant




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### UI Trust Fund



- Proposing a Reduction of Benefits of \$99 Million for the 2013 Biennium.
- UI is Projecting Less Benefits will be Paid in the Next Biennium.

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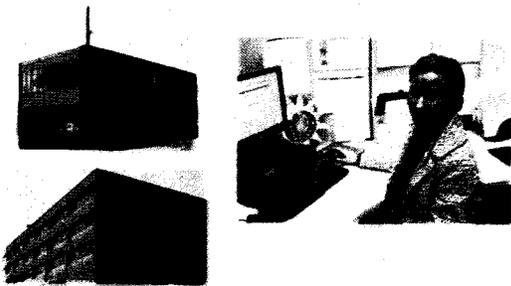
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### Unemployment Insurance Division




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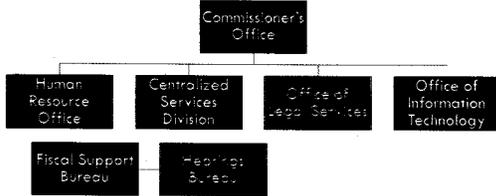
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### Centralized Services Division



Contact: Tammy LaVigne, Division Administrator, 444-3697 e-mail: tlavigne@mt.gov

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### Cost Allocation Plan

	Base Budget 2010	Budget Request 2012	Budget Request 2013
<b>Budget</b>	\$3,479,898	\$3,246,877	\$3,106,629
<b>Rate</b>	7.31%	8.24%	8.26%

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### Office of Information Technology

	Base Budget 2010	Budget Request 2012	Budget Request 2013
<b>Budget</b>	\$1,700,125	\$1,860,479	\$1,860,246
<b>Direct Rate</b>	\$47/hour	\$42/hour	\$42/hour
<b>Indirect Rate</b>	\$121/month	\$161/month	\$161/month

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### Centralized Services Division Decision Packages

Present Law Adjustment

DP301 - CSD Indirect Rate Adjustment

Pages A-286 – A-287

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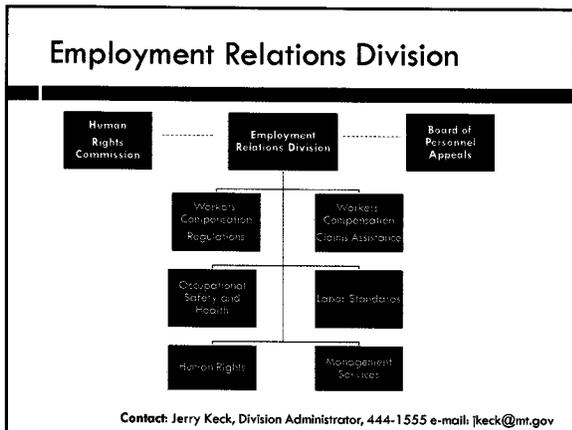
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### Workers' Comp Claims Assistance Bureau

**Monitor Workers' Compensation Claims**

- Provides Mediation of Workers' Compensation Benefit Disputes
- Produces a Workers' Compensation Annual Report
- Collects Data on Approximately 30,000 Claims per Year
- Approves Workers' Compensation Settlement Agreements
- Provides Education and Technical Assistance with Claims Handling and Benefit Provisions
- Set Medical and Hospital Fee Schedules




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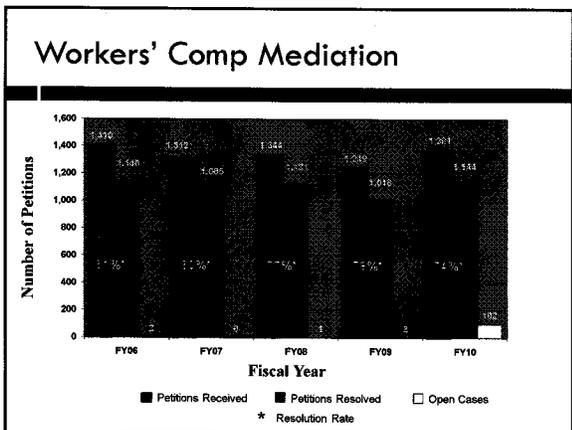
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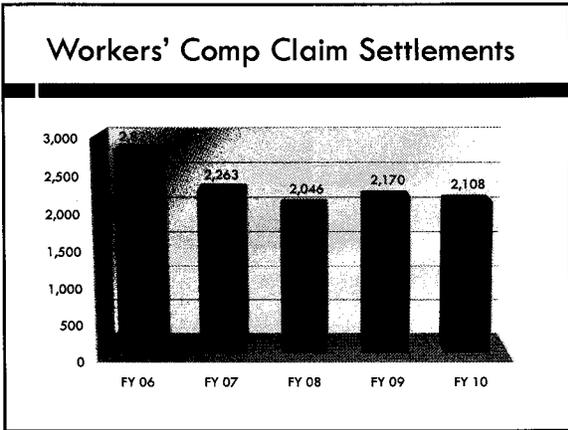
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### Workers' Comp Regulation Bureau

Services Provided	SFY 2010
Register Construction Contractors	11,087
Issue Independent Contractor Exemptions	17,120
Approve Professional Employer Organizations (PEO)	36
Approve PEO Clients	566
Approve PEO Leased Employees	2,696
Approve Employers to Self-Insure Workers' Compensation Liability	30 Individual Members • 3 Private Groups 122 Members • 5 Public Groups 405 Members
Uninsured Employers Fund Investigations	2,540

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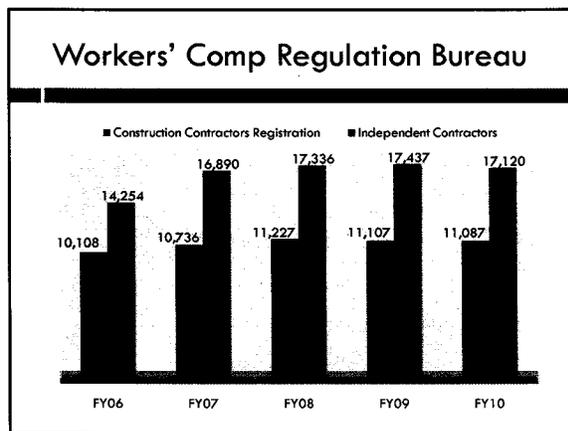
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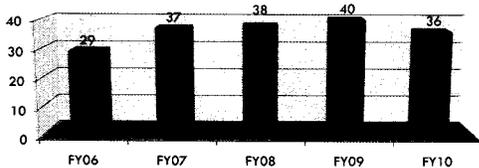
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### Workers' Comp Regulation Bureau

Licensed Professional Employer Organizations by Fiscal Year



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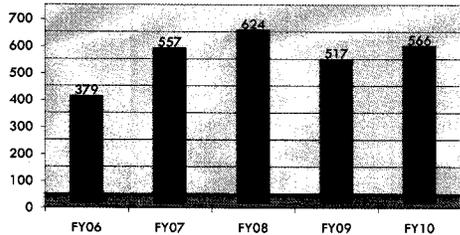
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### Workers' Comp Regulation Bureau

Number of Professional Employer Organization Clients



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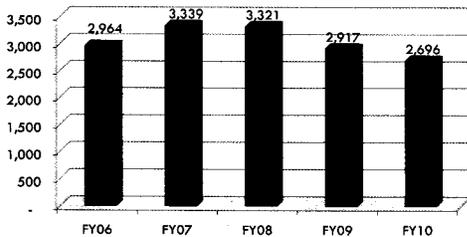
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### Workers' Comp Regulation Bureau

Average # Leased Employees



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### Human Rights Bureau

The Department of Labor and Industry is the State Agency Which Enforces Montana's Discrimination Laws. The Human Rights Bureau of the Department Receives and Investigates Complaints of Illegal Discrimination.




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### Human Rights Bureau

#### Case Closures - Fiscal Year 2010

- Cases Filed      603
- Cases Closed      671

Closures Prior to Investigation Finding	
Voluntary Resolution Agreement	135
Withdrawal with Benefits	16
Withdrawal - No Benefits	45
No Jurisdiction/Administrative Closure	13

Total 209

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### Human Rights Bureau

#### Investigative Findings

- No Discrimination      342
- Discrimination      115

Closure Following Discrimination Filing	Fiscal Year 2010
Successful Conciliation	69
Unsuccessful Conciliation	34
Hearings Discrimination Finding	5
Other	12

\*Includes some filings/closures from prior year

Total 120

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### Labor Standards Bureau

Staff Board of Personnel Appeals

Other Services Provided	FY 2010
Investigations into wage & hour and prevailing wage complaints	797
Public contract on-site visits	129
Mediations for claims prior to hearing	125
Alternative bargaining training sessions	19
Public sector contract dispute mediations	58

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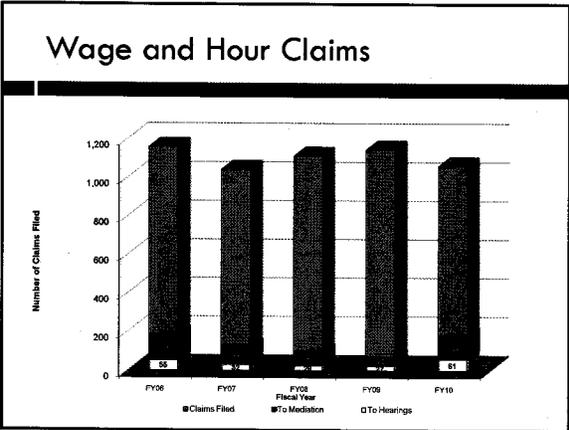
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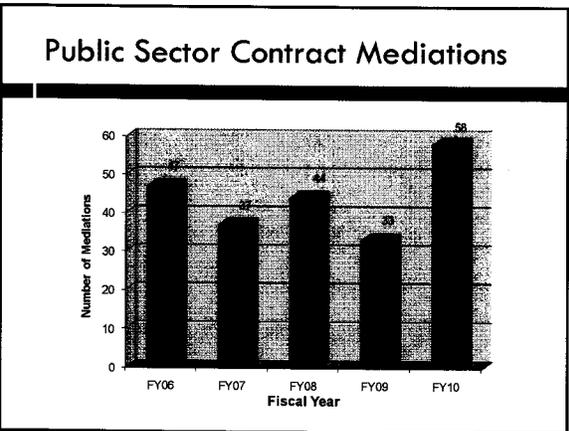
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## Education and Outreach Programs

Education Programs	Attendance FY 2010
Governor's Conference on Workers' Compensation and Occupational Safety and Health	426
Assistance to Business Clinics - 15 communities	658
Annual Arbitration and Labor Relations Conference	131
Montana Safety Institute	1,036
Local Safety Focus Groups - 8 Communities - 79 Meetings	1,026
Presentations to Employer Groups - 13 Communities	780

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## Employment Relations Division Decision Packages

### Present Law Adjustments

- DP401 - ERD Indirect Rate Adjustment
- DP402 - Utilization and Treatment Guidelines
- DP404 - ERD General Operating Increase
- DP405 - Motor Pool Reduction

Pages A-294 - A-295

5% Plan per 17-7-111, MCA

### General Fund

- DP95105 - 5% Plan - Reduction of Silicosis Benefits \$28,460

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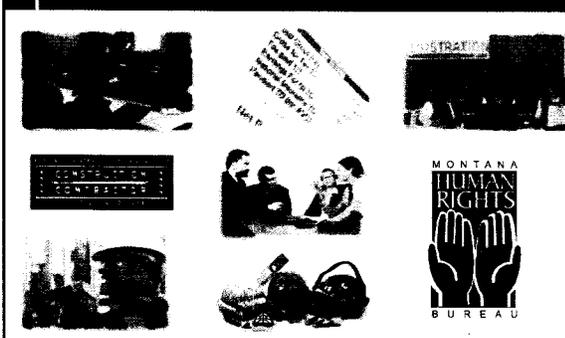
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## Employment Relations Division




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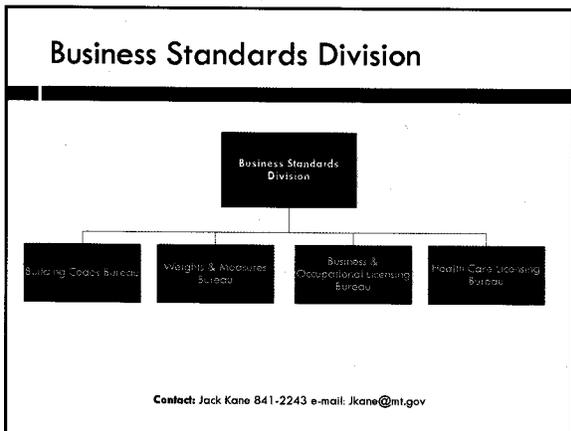
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### Building Codes Bureau

- Enforces Minimum Building, Plumbing, Mechanical, Electrical, Energy, Elevator, and Boiler Codes
- Approves/Certifies 40 Cities and Towns and 4 County Code Enforcement Programs
- Administers 5 Construction Related Programs
- Office staff and Statewide Inspectors

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### Weights & Measures Bureau

- Licenses, Inspects, Tests, and Certifies all Weighing and Measuring Devices Used for Commercial Transactions
- Enforces Laws and Regulations Pertaining to the Quantity Control of Prepackaged Goods
- Quality Control of Petroleum Products
- Maintains the State Standards of Mass and Volume

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### Licensing Bureaus

Business & Occupational	Health Care
	

40 boards and programs administratively attached to the Department  
200 members appointed by the Governor and over 96,000 licensees

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### Business Standards Division Decision Packages

Present Law Adjustment

- DP501 - BSD Indirect Rate Adjustment
- DP503 - BSD General Operating Increase
- DP504 - BSD Consulting Increase
- DP505 - BSD Data Base Maintenance
- DP506 - Motor Pool Reduction

Pages A-301 – A-302

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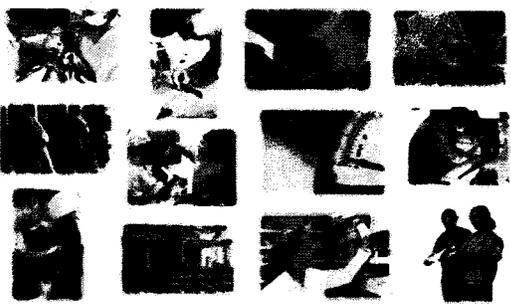
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### Business Standards Division



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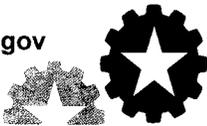
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**Office of Community Service**

Contact: Jan Lombardi 444-2573 e-mail: jlombardi@mt.gov

serve.mt.gov




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**Office of Community Service**

- 1993 Legislature to expand and promote national service and volunteer opportunities
- Encourage all Montanans – young and old – to serve

MONTANA COMMISSION ON  
**community service**

- 1997 Executive Order asked Department of Labor to support administrative functions

serve.mt.gov




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**Return on Investment**

**\$124,000 General Fund**

↓ Supporting  
**4FTE**

↓ Generating  
**\$2.44 Million in AmeriCorps Grants**

↓ Producing  
**\$1.87 Million in AmeriCorps Education Awards**

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### MT Ranks 9<sup>th</sup> for Volunteerism

Top Ten States for Volunteer Rate					
1	Utah	44.2%	6	South Dakota	37.2%
2	Iowa	37.8%	7	Vermont	36.3%
3	Minnesota	37.5%	8	Kansas	35.9%
4	Nebraska	37.4%	9	Montana	35.5%
5	Alaska	37.3%	10	Washington	34.2%

Source: Volunteering in America

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### Where People Volunteer




**Where People Volunteer (2007 to 2009)**

Educational	24.6%
Religious	27.3%
Social Service	18.0%
Other	8.4%
Hospital	6.0%
Civic	3.0%
Sport / Arts	5.4%

Source: Volunteering in America

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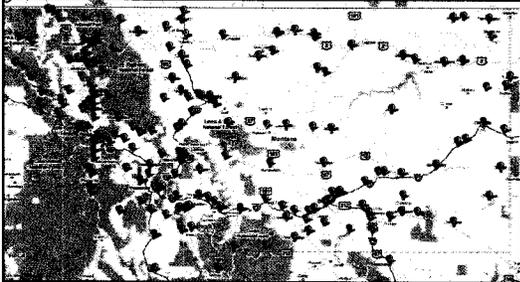
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### AmeriCorps Service Projects






Montana Energy Corps | JUSTICE for Montanans | MONTANA CONSERVATION CORPS

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**A Getting Things Done for Montana Communities**

- 1,673 Miles of Trail
- 50,000 lbs of Food Collected
- 83,306 Trees Planted
- 444 College Health Care Students
- HS Students Build Low-Income Homes
- 3,437 Children Mentored
- 3,500 Received Tax Prep Information
- 2,700 Homes Weatherized

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**Office of Community Service  
Decision Packages**

5% Plan per 17-7-111,MCA  
General Fund

- DP95104 - 5% Plan - General Operating Expenses Reduction \$6,146

Matching Federal Funds

- DP95104 - 5% Plan - General Operating Expenses Reduction \$6,146

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**WORKERS'  
COMPENSATION COURT**

Contact: James Shea; Judge; 406-444-7794; e-mail: [jimshea@mt.gov](mailto:jimshea@mt.gov)

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### Subject Matter Jurisdiction

- ❑ Except for specified regulatory matters, the Court has original jurisdiction over issues arising under the Workers' Compensation Act and the Occupational Disease Act.
- ❑ Exclusive jurisdiction over disputes involving independent contractor exemptions under both the Workers' Compensation Act and Unemployment Insurance Act.
- ❑ Actions regarding allegations of fraudulently obtained benefits.
- ❑ Two-year return to work preference.
- ❑ In workers' compensation regulatory matters over which the DLI has original jurisdiction, the Court acts as an appellate court, conducting judicial review.
- ❑ Workers' Compensation Court's decisions are appealed directly to the Montana Supreme Court.

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### Statewide Jurisdiction

- ❑ Regular trial terms 4 times per year in five venues:
  - Billings, Great Falls, Helena, Kalispell, and Missoula
- ❑ Special settings regularly held in Helena
- ❑ Trials held in other venues as needed
- ❑ Other Past Venues:
  - Big Fork, Bozeman, Butte, Columbus, Libby, Malta, Miles City, Plains, Red Lodge, and Sidney



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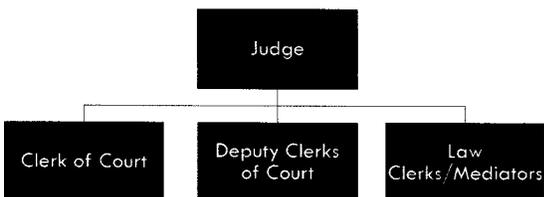
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### Organizational Chart



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**Budget Request**

- FY12: \$671,822
- FY13: \$672,289
- State Special Revenue
- No New Proposals
- Increase of slightly less than 3%, due to statewide present law adjustments and a small operating increase (off campus rent).

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**Workers' Compensation Court  
Decision Packages**

- Present Law Adjustment
- DP902 - WCC Operating Increases

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