EXHIBIT 1
DATE 1/30/13
SB 47

MONTANA LEGISLATIVE AUDIT DIVISION

PERFORMANCE AUDIT
Mine Safety Inspection and Training Program
Department of Labor and Industry

JANUARY 2012 11P-10 REPORT SUMMARY

State regulation of mining consists of inspections and miner training; the state mine inspection program duplicates federal regulation of mines and is not effective; changes in training programs should be considered to improve financial sustainability and cost-effectiveness.

Context

The Department of Labor and Industry (the department) operates a mine safety program, which conducts inspections of mines and provides safety training for mine workers. Federal mine safety laws allow for dual regulatory activities at both federal and state levels. This means that although the federal Mine Safety and Health Administration (MSHA) conducts mine inspections, some states, including Montana, have also continued to inspect mines.

Until 1997, the department's mine safety program was responsible for conducting inspections of all mines in the state. Changes made during the 1997 Legislative Session resulted in state inspection of metal/nonmetal mines ending, although regular inspections of both coal mines and sand and gravel mines continued. The state's mine safety program now consists of regular mine inspections and since 2005, the department has averaged around 100 inspection events annually.

Federal law mandates workplace safety training for miners. Although many miners in Montana receive training through the department's program, mine operators can provide training themselves or use private providers. The department offers mine safety training on an as-needed basis and since 2003, demand for department mine safety training more than doubled. In 2010, almost 2,900 individuals received training through the program.

Results

Federal and state mine safety data indicates that continuing duplicative state inspections of mines is not effective. Montana's metal/nonmetal mines have gradually improved their safety records and Montana's experience mirrors that of some other regional states that have stopped inspecting mines. These states have improved mine safety to the point where there is a negligible difference when compared with states that still conduct inspections. If the department were to cease regular state mine safety inspections, resources could be used more efficiently in other areas. The department should seek revisions to mine safety inspection statutes to ensure its regulatory activities protect workplace health and safety in mines, while not duplicating federal inspections.

Up until 2011, demand for training services had increased in every year and the department was able to continue providing services while controlling costs associated with the program. However, despite increased demand for services, the department continues to offer training with very minimal costs to participants.

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Faced with the possibility of stagnant federal funding, the long-term financial sustainability of the training program is unclear. To ensure financial stability of mine safety training programs, the department should review available options and adjust the basis for funding these activities. This could include ending state provision of mine safety training, contracting with the state university system to provide the services, charging nominal participation fees for training, or other available options.

Audit work involved reviewing mine safety training records showing the types of classes provided and the number of class participants. Out of approximately 200 training classes in 2010, we identified several classes where there were a limited number of participants attending. Providing training for a very limited number of participants rather than pooling/combining participants in larger classes is not cost-effective. The department relies on contact from mine operators to develop training schedules, rather than pre-scheduling training events. The department should address training class sizes and scheduling. This would help avoid excessive and unnecessary costs and maintain the cost-effectiveness of the program as a whole.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

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