

Total Department Of Labor & Industry Funding by Source of Authority
2015 Biennium Budget

Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$5,293,908	\$0	\$0	\$5,293,908	1.1%
State Special Total	\$80,153,849	\$0	\$1,528,454	\$81,682,303	17.3%
02024 Blaster Licensing	\$22,185	\$0	\$0	\$22,185	0.0%
02078 Occupational Therapists	\$93,416	\$0	\$0	\$93,416	0.0%
02079 Fire Protection & Permitting	\$133,488	\$0	\$0	\$133,488	0.0%
02080 Prescription Drug Registry	\$177,386	\$0	\$0	\$177,386	0.0%
02082 Real Estate Recovery Account	\$0	\$0	\$448	\$448	0.0%
02109 Board Of Outfitters	\$1,136,496	\$0	\$0	\$1,136,496	0.2%
02155 Boiler,blaster,crane Licensing	\$820,216	\$0	\$0	\$820,216	0.2%
02190 Ocs Cbi Training	\$54,532	\$0	\$0	\$54,532	0.0%
02207 Crane Licensing	\$182,115	\$0	\$0	\$182,115	0.0%
02233 Bsd Hearings	\$70,533	\$0	\$0	\$70,533	0.0%
02258 Employment Security Account	\$28,630,187	\$0	\$0	\$28,630,187	6.0%
02263 Subsequent Injury Admin	\$89,449	\$0	\$0	\$89,449	0.0%
02315 Dli Info Exchange/rental	\$154,142	\$0	\$0	\$154,142	0.0%
02346 Contractor Registration	\$2,725,966	\$0	\$0	\$2,725,966	0.6%
02359 Chemical Dependency Counselors	\$231,658	\$0	\$0	\$231,658	0.0%
02446 Board Of Psychologist Exam	\$247,396	\$0	\$0	\$247,396	0.1%
02448 Building Codes State Spec Rev	\$7,643,674	\$0	\$0	\$7,643,674	1.6%
02455 Workers' Comp Regulation	\$14,780,248	\$0	\$0	\$14,780,248	3.1%
02580 Bd Of Athletice Trainers	\$48,401	\$0	\$0	\$48,401	0.0%
02679 Massage Therapists	\$213,070	\$0	\$0	\$213,070	0.0%
02764 Bd Of Adolescent Res. Or Outdr Pgms	\$125,752	\$0	\$0	\$125,752	0.0%
02767 Elevators	\$751,551	\$0	\$0	\$751,551	0.2%
02805 Weights & Measures Bureau	\$2,047,160	\$0	\$0	\$2,047,160	0.4%
02808 Board Of Landscape Architects	\$62,996	\$0	\$0	\$62,996	0.0%
02809 Board Of Speech Pathologists	\$124,050	\$0	\$0	\$124,050	0.0%
02810 Bd Of Radiologic Technologists	\$221,484	\$0	\$0	\$221,484	0.0%
02811 Clinical Lab Science Pract.	\$142,914	\$0	\$0	\$142,914	0.0%
02812 Physical Therapists	\$235,031	\$0	\$0	\$235,031	0.0%
02813 Bd Of Nursing Home Admin	\$57,699	\$0	\$0	\$57,699	0.0%
02814 Bd Of Hearing Aid Dispensers	\$170,604	\$0	\$0	\$170,604	0.0%
02815 Board Of Public Accountants	\$932,628	\$0	\$0	\$932,628	0.2%
02816 Board Of Sanitarians	\$63,886	\$0	\$0	\$63,886	0.0%
02818 Electrical Board	\$853,109	\$0	\$0	\$853,109	0.2%
02819 Board Of Realty Regulations	\$2,012,766	\$0	\$0	\$2,012,766	0.4%
02820 Board Of Architects	\$152,521	\$0	\$0	\$152,521	0.0%
02821 Board Of Funeral Service	\$315,382	\$0	\$0	\$315,382	0.1%
02822 Board Of Chiropractors	\$255,303	\$0	\$0	\$255,303	0.1%
02823 Professional Engineers	\$777,983	\$0	\$0	\$777,983	0.2%
02824 Board Of Medical Examiners	\$2,592,440	\$0	\$0	\$2,592,440	0.5%

02826 Cosmetology Board	\$1,115,379	\$0	\$0	\$1,115,379	0.2%
02828 Board Of Plumbers	\$609,822	\$0	\$0	\$609,822	0.1%
02829 Private Investigator	\$409,674	\$0	\$0	\$409,674	0.1%
02830 Board Of Dentistry	\$547,722	\$0	\$0	\$547,722	0.1%
02831 Board Of Optometrists	\$94,594	\$0	\$0	\$94,594	0.0%
02832 Board Of Pharmacy	\$1,516,221	\$0	\$0	\$1,516,221	0.3%
02833 Board Of Nursing	\$1,871,631	\$0	\$0	\$1,871,631	0.4%
02834 Board Of Veterinarians	\$296,833	\$0	\$0	\$296,833	0.1%
02840 Board Of Social Workers	\$532,111	\$0	\$0	\$532,111	0.1%
02841 Board Of Athletics	\$13,646	\$0	\$0	\$13,646	0.0%
02852 Bd. Of Alternative Health Care	\$142,023	\$0	\$0	\$142,023	0.0%
02854 Bd. Of Real Estate Appraisers	\$803,799	\$0	\$0	\$803,799	0.2%
02855 Bd Of Respiratory Care	\$94,762	\$0	\$0	\$94,762	0.0%
02941 Uninsured Employer Fund	\$2,755,815	\$0	\$1,528,006	\$4,283,821	0.9%
Federal Special Total	\$73,499,403	\$0	\$0	\$73,499,403	15.5%
03122 Eeoc	\$350,697	\$0	\$0	\$350,697	0.1%
03124 Employment Trng Grants	\$17,397,232	\$0	\$0	\$17,397,232	3.7%
03128 L & I Federal Funding	\$522,344	\$0	\$0	\$522,344	0.1%
03130 Coal Mine Safety	\$288,163	\$0	\$0	\$288,163	0.1%
03131 Osha Stat Prgm Fed.st Sdy	\$171,283	\$0	\$0	\$171,283	0.0%
03194 Research/analysis Crn	\$1,505,833	\$0	\$0	\$1,505,833	0.3%
03195 On-site Consultation	\$960,874	\$0	\$0	\$960,874	0.2%
03197 Wsd-dept Of Education Grant	\$2,395,230	\$0	\$0	\$2,395,230	0.5%
03278 Ui Penalty & Interest	\$1,140,000	\$0	\$0	\$1,140,000	0.2%
03297 Labor And Industry Veteran Gra	\$1,100,000	\$0	\$0	\$1,100,000	0.2%
03322 Mt Community Service Fsr	\$6,845,316	\$0	\$0	\$6,845,316	1.4%
03682 Wagner Peyser	\$10,374,508	\$0	\$0	\$10,374,508	2.2%
03692 Alien Labor Certification(alc)	\$173,644	\$0	\$0	\$173,644	0.0%
03693 Wrk Opportunities Tx Crdt/wotc	\$201,102	\$0	\$0	\$201,102	0.0%
03694 Trade Adjustment Assist/nafta	\$10,972,600	\$0	\$0	\$10,972,600	2.3%
03954 Ui Administrative Grants	\$19,100,577	\$0	\$0	\$19,100,577	4.0%
Proprietary Total	\$0	\$313,023,047	\$0	\$313,023,047	66.1%
06040 Subsequent Injuiiry-trust Fund	\$0	\$1,470,692	\$0	\$1,470,692	0.3%
06051 Montana Career Info System	\$0	\$31,600	\$0	\$31,600	0.0%
06069 Ui Tax Benefit Fund	\$0	\$296,472,656	\$0	\$296,472,656	62.6%
06546 Commissioner's Office/csd	\$0	\$7,023,385	\$0	\$7,023,385	1.5%
06552 Admin Services	\$0	\$4,171,667	\$0	\$4,171,667	0.9%
06568 Office Of Information Tech	\$0	\$3,853,047	\$0	\$3,853,047	0.8%
Percent - Total All Sources	33.6%	66.1%	0.3%		

5% Base Budget Reduction Form
17-7-111-3(f)

AGENCY CODE & NAME:

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 73,741	\$ 1,101,519
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	CFOI Program		\$ 4,091
2	Info Exchange		\$ 3,500
3	Human Rights	\$ 13,896	
4	Worker's Comp Hearings		\$ 9,328
5	Human Rights Bureau Reduction operation	\$ 53,666	
6	Refine WorkSafeMT scope		\$ 213,812
7	Public relations and outreach reductions		\$ 149,999
8	BSD BOLB		\$ 200,094
9	BSD HCLB		\$ 240,834
10	BSD BC		\$ 221,572
11	BSD WM		\$ 56,932
12	OCS Americorps	\$ 6,179	\$ 1,357
	TOTAL SAVINGS	\$ 73,741	\$ 1,101,519
	DIFFERENCE	0	0

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 01

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

The Census of Fatal Occupational Injuries (CFOI) program would be reduced.

#2 THE SAVINGS THAT ARE EXPECTED:

\$4091.00 from State Special Revenue and an equal amount (\$4091.00) from federal funding for a total reduction of \$8182.00. This State Special funding is one to one match of federal program funding resulting in a 10% decrease.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

DLI would be inhibited from providing statistics on Fatal Occupational Injuries, providing data for press releases, studies, etc., and would have trouble meeting federal contract deliverables due to a decrease in staff hours.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Unknown

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 Program 02

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Information Exchange

#2 THE SAVINGS THAT ARE EXPECTED:

\$3,500

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

None

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

None

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 Program 03

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce Administrative Hearings for Human Rights cases and legal support to the Human Rights Commission Bureaus.

#2 THE SAVINGS THAT ARE EXPECTED:

The Hearings Bureau and Legal Bureau would reduce \$13,896 through vacancy savings and operating reductions.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The Hearings Bureau and the Office of Legal Services would reduce the amount of hearings officer and attorney time spent on human rights cases and legal support to the Human Rights Commission and Bureau. In Hearings, this would result in delays in hearing completions and result in loss of department jurisdiction in some cases. If the department loses jurisdiction, a person with a case that the Human Rights Bureau has found merit would have to re-file the case in court, rather than having the benefit of a prompt administrative hearing.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Unknown

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 03

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce Legal support for Workers' Compensation Regulation Bureau.

#2 THE SAVINGS THAT ARE EXPECTED:

The Legal Bureau will reduce \$9,328 in operating expenditures.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

A reduction in operating funds would adversely impact the ability of the department to prosecute, defend, and protect the workers' compensation laws and administrative rules that are challenged in cases both at the administrative level and in court proceedings. It would also impact the departments ability to provide legal staff to advise the department in their daily administration of the workers compensation laws.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Inknown

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 04

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

1. Printing equipment would be subject to non-replacement at end of service life. 2. The elimination of a temporary staffing solution that was used to manage vacancies. 3. Travel reductions for investigation purposes.

#2 THE SAVINGS THAT ARE EXPECTED:

\$53,666 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

1. Increase in third party printing services which are cost prohibitive. 2. Case work efficiencies would be lost as staff served as administrative support functions. 3. Decrease in standards for providing written determinations and extend 180 day threshold.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Unable to quantify at this time.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 04

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce resource allocation devoted to annual SafetyFests.

#2 THE SAVINGS THAT ARE EXPECTED:
Operating costs to facilities, catering, and site locations.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Possible decrease in participation and lost education opportunities as a result.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Increase in electronic education and virtual meeting opportunities. Redefining level of expectation for resources.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 04

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Media education for compliance with statute in the Workers Compensation Act

#2 THE SAVINGS THAT ARE EXPECTED:

\$149,999

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Possible reduced revenue as eligible contractors become non-compliant

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Following the law as written

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes-MCA 39-9-206(5)

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 05

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

The Business and Occupational Licensing Bureau (BOLB) will reduce operating expenditures for education/training, supplies, program expenses, minor equipment, meeting rooms, association dues, and eliminate out of state travel and temporary services expenses.

#2 THE SAVINGS THAT ARE EXPECTED:

\$200,094.00

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Essential services provided to license applicants including licensing renewal, compliance, and investigation services can not be assured. Licensing regulation and practice may be affected due to the fact that we are not keeping up with national trends and practice standards.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Constituents will not receive their licenses timely and this will delay them finding or going to work.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes Title 37

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 05

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduced or eliminated operating expenses or equipment.

#2 THE SAVINGS THAT ARE EXPECTED:

\$221,572.00

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Essential services curtailed or eliminated, loss or reduction in public information or education on code topics, and reduction in permit and inspection services.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Staff may need additional training and certification to carry out some reduced or eliminated services. Building code stakeholders and/or constituents could experience more out of pocket expense for services previously provided by the Bureau.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 50-60-103, 50-60-116, and 50-60-203, MCA all have provisions where these services are required as part of administering, adopting, and interpreting building codes.

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 05

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce or eliminate operating expenses and not purchase or upgrade equipment and vehicles.

#2 THE SAVINGS THAT ARE EXPECTED:

\$56,932.00

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The number of inspections of licensed scales and meters will be reduced due to a decrease in operating expenses. The increase in costs to operate older vehicles and equipment will result in a reduction in the number of device that will be inspected.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Those scale and meter owners who purchase a license may not have their devices checked annually and those who depend upon the scale or meter for accuracy may be using an inaccurate device.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 30-12-203 (2), and 30-12-205 (2), MCA

5% Base Budget Reduction Form

AGENCY CODE & NAME: 66020 DLI Program 07

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce administration of AmeriCorps grants and volunteer programs in Montana

#2 THE SAVINGS THAT ARE EXPECTED:

6179 in GF and 1357 in SS

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The impact of reducing General Fund appropriation by \$6,179 would be felt throughout OCS's administrative budget. Federal funds require a 100% match and the \$6,179 would translate to a \$12,358 reduction to the current budget.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Essential administrative oversight of AmeriCorps grant would be impacted which could result in increased compliance findings, fewer grant opportunities, and slower response time to grant recipients.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes 90-14-103

Department of Labor and Industry

Commissioner's Office

Goal #1: Live, breath, walk, and talk the core values of the Department.

- Customer Focus
 - Making decisions based on what is best for internal and external customers, within the legal parameters of laws and regulations.
 - Inviting customer participation to better understand their needs.
- Individual Responsibility
 - Taking individual responsibility for performance, attitude, professionalism, and communication.
 - Working effectively and productively in teams and partnerships and taking responsibility for each individual's role in developing and maintaining healthy relationships and business partners.
 - Seeking training, tools and information needed to perform the job.
 - Looking for ways to improve customer satisfaction.
 - Accepting responsibility and accountability before acting.
 - Creating a culture of safety.
- Individual Growth
 - Freely sharing knowledge and opportunities for development.
 - Committing resources for staff development.
 - Recognizing individual strengths and valuing how they contribute to the whole.
 - Looking creatively at solutions to enhance staff performance at all levels.
- Ethics in the Workplace
 - Displaying and encouraging trust, mutual support, respect for others and honesty.
 - Does not engage in nor tolerate mean-spirited behavior.
- Continuous Improvement
 - Continually questioning the "why" and "how" of performing specific job duties.
 - Including all stakeholders that may be affected by any change or improvement being considered.
 - When appropriate, using data and a structured method to make decisions.

Objective: The department's core values are measured through an annual performance appraisal, which includes a midyear evaluation due no later than March 31st and a final evaluation due June 30th.



Montana Department of LABOR & INDUSTRY

Governor Brian
Schweitzer
Commissioner Keith
Kelly

Business Standards Division – Building Codes Bureau

December 3, 2012

To: Jack Kane, Division Administrator
Business Standards Division

From: David W. Cook, Bureau Chief
Building Codes Bureau

Re: Elevator Program

The Elevator Licensing Program is organized under a single fund (02767) with 2 separate Project Grants (Elev_Lic) and (Elev_Safety).

Elevator Licensing

The number of licensees in Elev_Lic is as follows:

- 151 total licenses in database
 - 85 Active
 - 35 Expired
 - 13 Terminated
 - 18 Registered Apprentices

- 85 Active Licenses
 - 64 Unlimited Mechanics
 - 13 Unlimited Contractors
 - 4 Inspectors
 - 2 Limited Mechanics
 - 2 Limited Contractors

The costs for licenses in this program have been as follows:

New License by exam or for Contractors	\$150.00
New License for reciprocity	\$100.00
Biennial renewal for all categories	\$100.00

Currently a new rule package has been executed with a final filing date of adoption of January 7, 2013. Under this rule package the cost for licenses will be modified to the following:

New License by exam except for Contractors	\$200.00
New License for Contractors	\$600.00
New License for reciprocity	\$150.00
Annual renewal for all except Contractors	\$150.00
Annual renewal for Contractors	\$600.00

Note: Biennial renewal moving to annual as a result of this rule change.

Renewals for Elevator Licensing are next due on April 1, 2014 with annual renewals thereafter.

Elevator Safety

The Elevator Safety program has the following breakdown of devices:

Name	Total Number in System
<i>Passenger Elevator</i>	<i>2327</i>
<i>Special Service Elevator</i>	<i>253</i>
HC Lift	207
<i>Freight Elevators</i>	<i>175</i>
Dumbwaiters	82
LU/LA	73
Chair Lift	41
<i>Escalator</i>	<i>27</i>
Material Lift	22
<i>Sidewalk Elevator</i>	<i>7</i>
<i>Moving Walk</i>	<i>1</i>
Total	3215

The cost for inspection/certification in this program has been as follows:

Elevators, escalators, and moving walks (above in green)	\$100.00
Lifts (above in black)	\$ 70.00

Under this rule package the cost for inspection/certification will be modified to the following:

Elevators, escalators, and moving walks (above in green)	\$140.00
Lifts (above in black)	\$100.00

The Bureau receives approximately 140 to 150 new applications for new elevators each year. These new elevator permits will see an increase of approximately \$150.00 per new elevator permit as part of the new rule package. There are inspection/re-inspection changes as well.

Department of Labor and Industry
Business Services Division
FY 2012

Program	Number of Licensees	Cost of License Application	Renewal
Elevator Licensing Program	85	Varies*	Varies*
Board of Hearing Aid Dispensers	65	1,000	500
Board of Social Workers	1,944	250	175

* See Memorandum of the Elevator Program



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: February 6, 2012
TO: Senator Edward Buttrey
FROM: Kris Wilkinson, Fiscal Analyst II
RE: Unemployment Insurance Funding

You requested information on the sources of funding used to provide unemployment insurance benefits and administrative costs at the federal and state levels. This memorandum outlines the various funding sources available to the Department of Labor and Industry for unemployment insurance benefits and administrative costs.

Montana employers are assessed:

- o Federal Unemployment Tax (FUTA)
- o State Unemployment Contributions (SUTA)
- o Special administrative assessments for deposit into the Employment Security Account (ESA)

A discussion of the requirements and uses of the funds for each of the assessments follows.

FEDERAL UNEMPLOYMENT TAX

Beginning in July 2011, the FUTA tax rate declined from 0.8% to 0.6% for the majority of employers. Employers are assessed a tax rate of 0.6% on the first \$7,000 of wages paid to each employee. A credit against the FUTA rate is then applied. The maximum amount of the credit is 5.4%, meaning that the rate after the credit is 0.6%. Employers that make timely and accurate FUTA payments generally receive the credit.

FUTA is paid to the federal Department of Labor (DOL). DOL uses the funds to provide:

- o Federal and state administrative costs
- o Federal share of extended unemployment benefits (EB)
- o Loans to state trust funds when they cannot pay benefits
- o Benefits under supplemental and emergency programs
- o Labor exchange services, employment and training for veterans
- o Labor information programs

Federal taxes go into the following federal accounts:

- o Employment Security Administration Account – finances the administration of the state unemployment insurance and employment services programs

- o Extended Unemployment Compensation Account – reimburses states for the federal share of extended benefits. The permanent extended benefits program provides for up to 13 weeks of extended benefits
- o Federal Unemployment Account – provides loans to insolvent state trust funds

The funds that Montana receives for the administration of the unemployment insurance program and for extended unemployment insurance benefits are considered federal funding. The administrative funds are recorded in the federal UI administrative grants account. Montana expended \$22.75 million in federal funds for the administration of unemployment insurance and employment services programs during the 2011 biennium. The legislature approved a budget of \$18.81 million in the 2013 biennium for UI administrative grants.

Each state has an unemployment insurance trust fund that is funded by state unemployment tax assessments. If a state's trust fund becomes insolvent, it can borrow from the federal unemployment account. If the state's loan is not repaid within the next year, the credit for the FUTA tax is reduced by 0.3% for each year that the loan remains outstanding. Montana has not needed to borrow funds for its unemployment insurance trust fund through this latest recession. As a result, the majority of employers in Montana receive the full 5.4% credit on their FUTA.

STATE UNEMPLOYMENT TAX

Under federal requirements, states choose the amount of annual earnings per worker on which employers pay the state unemployment tax and the statutory tax rates that apply to the wages. Statutory tax rates must be experience rated, that is vary based on the history of the employer's layoffs.

For FY 2012 the annual wage base for the SUTA is \$27,000. Montana uses 11 schedules with nine contribution rates in each schedule to assess SUTA. An employer is assigned to the schedule based on the ratio of the Unemployment Insurance Trust Fund balance to total wages paid in covered employment for the fiscal year. For FY 2012 Montana is on schedule VII. Under this schedule Montana employer rates will range from 0.82% to 6.12% depending on the business's experience. One of the factors resulting in the range of employer rates is that businesses that regularly lay off employees based on seasonal conditions, construction companies for example, have higher rates than employers that maintain constant employee levels throughout the year.

The SUTA funds are deposited into the state's Unemployment Insurance Trust Fund account which can only be used to pay regular unemployment insurance benefits. The fund balance in the trust fund has decreased significantly since the recession, from a high of \$277 million at June 30, 2008 to the current balance of \$100.7 million at June 30, 2011. SUTA assessed at schedule VII is projected to slowly increase the fund balance as the unemployment rate in Montana declines.

SPECIAL ADMINISTRATIVE ASSESSMENTS (ESA)

State statute also provides for a special administration assessment that is deposited into the Employment Security Account. This rate is assessed at varying rates, 0.08% to 0.18% depending

on the rate class and type of employer, with separate rates for nonprofits and government employers. Funds deposited into the ESA can be used for:

- o Unemployment insurance benefits
- o Administration of the unemployment insurance program
- o Costs for collecting special administrative assessments
- o Costs for employment offices including expenses for providing services to the business community
- o Apprenticeship and training programs
- o Displaced homemaker programs
- o Department of Labor and Industry (DOLI) research and analysis programs
- o Wage and hour laws, prevailing wages, and collective bargaining expenses of the DOLI
- o Principal, interest, and redemption on employment security revenue bonds

Figure 1 shows the allocation of ESA funds within DOLI programs for the 2013 biennium.

Figure 1

Department of Labor and Industry Employment Security Account Fund Balance			
Fund Balances, Revenues, Expenditures	FY 2011	FY 2012	FY 2013
Beginning Fund Balance	\$6,262,365	\$9,625,179	\$7,174,386
Revenues*	14,283,658	13,576,255	13,674,755
Expenditures			
Workforce Services Division	7,634,100	10,554,135	10,588,777
Unemployment Insurance Division	1,561,535	3,665,424	3,667,627
Commissioner's Office	250,093	332,507	333,484
Employment Relations Division	<u>1,475,851</u>	<u>1,474,982</u>	<u>1,482,034</u>
Total Expenditures	10,921,579	16,027,048	16,071,922
Adjustment	735	0	0
Ending Fund Balance	<u>\$9,625,179</u>	<u>\$7,174,386</u>	<u>\$4,777,219</u>
* As estimated by DOLI/OBPP within MBARS			

As shown, funding from the employment security account was increased significantly compared to FY 2011 expenditures for both the Workforce Services Division and the Unemployment Insurance Division. The funding supports Job Service offices, the 21st Century Workforce Program, and the Research and Analysis Bureau in the Workforce Services Division.

Please let me know if you have any further questions or need additional information.