
For the Economic Affairs Interim Committee

Department Head: current vacancy (Appointed by governor. Appointee will serve, pending Senate approval.)

Description and Responsibilities:

- Oversees workforce and apprenticeship programs, including managing Job Service Offices across the state, work-based learning programs, the Jobs for Montana Graduates program for middle and high school students, and the State Workforce Innovation Board. Many of these programs implement federal directives related to workers and employers.
- Provides economic analysis related to labor and employment.
- Oversees the federal-state unemployment insurance program, handling claims and appeals, and making sure unemployment insurance schedules are fairly applied.
- Investigates charges of illegal discrimination under state (and related federal) law and provides educational outreach on human rights issues.
- Provides information, determinations, and hearings related to wage and hour complaints. Also works with collective bargaining mediation.
- Conducts workplace safety training for all employers. Conducts inspections for local and state government entities. Inspects coal mines and sand and gravel operations.
- Oversees the overall workers' compensation system by gathering information, providing utilization and treatment guidelines as well as medical fee schedules, conducting mediation on claims, promoting return-to-work and rehabilitation programs, and operating the Workers' Compensation Court.
- Handles independent contractor exemptions and contractor registration and investigates cases in which employers do not have workers' compensation insurance. Pays claims for workers whose employers were found not to have workers' compensation insurance.
- Manages 33 professional and occupational licensing boards and oversees complaints and investigations for the volunteer boards.
- Handles business-related meter testing to ensure accuracy for weights and measures.
- Administers building construction standards outside of areas not governed by local codes and works with builders to adopt national codes.
- Provides technology, budgeting, and human resource services within the department.
- Oversees the Governor's Office of Community Service.

Administratively Attached Entities:

- All 33 Professional and Occupational Licensing Boards
- The Commission for Human Rights, established under 2-15-1706, MCA
- The Board of Personnel Appeals, established under 2-15-1705, MCA
- The State Workforce Innovation Board, established under 53-2-1203 in conjunction with federal law
- The Unemployment Insurance Appeals Board, established under 2-15-1704, MCA
- The Office of Workers' Compensation Judge, established under 2-15-1707, MCA.

Legislative Audits:

- Performance audits reported in 2016 included:
 - an [analysis](#) of data integrity in STAARS, the Status, Tax, Accounting, Audit and Rating System;
 - an analysis of the regulation of [independent contractors](#); and
 - a report on licensing of [real estate professionals](#).
- The most recent financial audit was a [report](#) in January 2016 for the biennium ended June 30, 2015.
- Followup audits were reported for the unemployment insurance system in 2014 and a mine safety inspection program in 2013.

Agency-Requested Bills Passed During the 2017 Session:

- [HB 88](#) - Revises incumbent worker training program requirements. Removes BEAR program

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(Business Expansion and Retention) and assigns tasks to the Department of Labor and Industry. Expands size of eligible employer to include those employing up to 50 people (from 20). Effective 7/1/2017.

- [HB 125](#) - Revises Workforce Investment Act to implement federal changes in relation to the Workforce Innovation and Opportunity Act. Effective 2/20/2017.
- [HB 132](#) - Revises unemployment insurance laws to clarify the appeals process and timelines for UI claims. Effective 10/1/2017.
- [HB 141](#) - Provides licensing boards with active supervision in antitrust liability cases. Allows Economic Affairs Interim Committee to oversee and object to process in a manner similar to the process of overseeing and objecting to proposed rules. Effective 5/4/2017. Termination date of 7/1/2021.

Agency Bills That Failed During the 2017 Session:

- HB 127 - Provide phased-in revisions for pump dispenser, meter testing. Withdrawn at sponsor's request.

Bills Passed During 2017 Session Impacting the Department of Labor and Industry:
Employment and Unemployment Insurance-related

- [HB 88](#) - Revises incumbent worker training program requirements. See agency-requested bill above.
- [HB 125](#) - Revises Workforce Investment Act to implement federal changes in relation to the Workforce Innovation and Opportunity Act. See agency-requested bill above.
- [HB 132](#) - Revises unemployment insurance law regarding appeals and timelines. See agency-requested bill above.
- [HB 308](#) - Creates a \$750 tax credit for employers for each registered apprentice who is employed and an increased credit of \$1,500 for each employed veteran apprentice. Effective 1/1/2018
- [SB 325](#) - Provides legal protections under limited circumstances for private employers for nonnegligent hiring of individuals with criminal backgrounds if employee commits illegal acts outside the scope of employment. Effective 7/1/2017.
- [SJR 20](#) - Creates a study bill of unemployment in high-poverty areas of Montana.
- [SR 66](#) - Confirms appointments to the Board of Personnel Appeals and the Unemployment Insurance Appeals Board. Effective 4/20/2017.

Licensing Board-related

- [HB 105](#) - Allows Board of Physical Therapy Examiners to join multistate license compact. Includes criminal background checks for licensees. Effective 10/1/2017.
- [HB 106](#) - Revises registration and regulation of appraisal management companies by the Board of Real Estate Appraisers. Provides statutory appropriation for collected fees. Effective 3/1/2017.
- [HB 122](#) - Revises Board of Realty Regulation to revise license display requirements, clarifies that examinations are required of brokers, salespersons, and property managers, and allows a streamlined application process. Also clarifies laws related to performance of services by salespersons affiliated with brokers and the transfer or termination of that affiliation. Revises other requirements related to sales and to unprofessional conduct. Effective 2/17/2017.
- [HB 141](#) - Provides for active supervision of licensing boards. See agency-requested bills above.
- [HB 177](#) - Revises the types of immunizations that an immunization-certified pharmacist can administer. Effective 3/1/2017.
- [HB 197](#) - Revises terms of service for Board of Real Estate Appraisers so a member may serve three consecutive, three-year terms. Effective 2/14/2017.
- [HB 233](#) - Allows sale and provides regulation of biosimilar drugs. Provides processes for pharmacies to communicate with prescribers about filled prescriptions. Allows pharmacists to substitute with interchangeable biological products. Effective 10/1/2017.
- [HB 276](#) - Revises reimbursement laws for pharmacies/pharmacy benefit managers and allows

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- pharmacies to opt out of network plan in providing drugs if reimbursement cost does not meet acquisition cost. Allows discussion of reimbursement criteria with patient. Effective 1/1/2018.
- [HB 289](#) - Revises outfitter assistant laws regarding emergency uses. Effective 10/1/2017.
 - [HB 347](#) - Revises speech-language pathologist or audiologist licensing laws. Creates limited license for supervised practice. Effective 3/23/2017.
 - [HB 362](#) - Provides for fingerprint background checks for licensing under medical licensure compact. Effective 4/4/2017.
 - [HB 386](#) - Allows physical therapy to be practiced through telemedicine. Effective 10/1/2017.
 - [HB 470](#) - Exempts marriage and family therapists from needing psychologist license for certain testing and assessments. Effective 10/1/2017.
 - [HB 476](#) - Provides for physician assistant supervision of medical assistants. Effective 10/1/2017.
 - [SB 36](#) - Removes exemption from licensing for individual doing electrical work on own property if the work is tied to the grid. Effective 2/13/2017.
 - [SB 56](#) - Revises sunset dates related to funding the prescription drug registry. Effective 2/13/2017.
 - [SB 68](#) - Revises licensing and regulations under the Board of Pharmacy for wholesale drug distributors, third-party logistics providers, manufacturers, and repackagers of prescription drugs. Incorporates federal drug supply chain laws and other federal laws. Provides definitions and requires background checks for wholesale distributors and third-party logistics providers. Effective 10/1/2017.
 - [SB 70](#) - Adds a member to the Board of Optometry, bringing membership to five. Effective 2/8/2017.
 - [SB 120](#) - Allows dental hygienists to issue topical agent prescriptions. Also revises dental supervision requirements. Effective 5/4/2017.
 - [SB 166](#) - Adopts enhanced nurse licensure compact. Varied effective dates. Most of bill effective 7/1/2017. Repealer of previous license compact and supplemental provisions in effect 1/1/2019.
 - [SB 193](#) - Provides for licensing and regulation of board-certified behavior analysts. Adds a behavioral analyst with certain qualifications to the Board of Psychology and removes one of two public positions on that board. Gives Board of Psychology the authority to draft rules to implement regulations for behavioral analysts licensed under Title 37, chapter 17, part 4. Provides exemptions and autonomy for certain practitioners. Effective 10/1/2017.
 - [SR 7](#) - Confirms appointments to the Board of Public Accountants, Board of Private Security, State Banking Board, and State Compensation Insurance Fund Board of Directors. Effective 3/9/2017.
 - [SR 13](#) - Confirms appointments to the Alternative Health Care Board, the Board of Behavioral Health, the Board of Chiropractors, the Board of Clinical Laboratory Science Practitioners, the Board of Dentistry, the Board of Hearing Aid Dispensers, the Board of Medical Examiners, the Board of Nursing, the Board of Nursing Home Administrators, the Board of Occupational Therapy Practice, the Board of Pharmacy, the Board of Physical Therapy Examiners, the Board of Psychology, the Board of Radiologic Technologists, the Board of Sanitarians, and the Board of Speech-Language Pathologists and Audiologists. Effective 2/21/2017.
 - [SR 17](#) - Confirms appointment to the Board of Outfitters. Effective 2/22/2017.
 - [SR 25](#) - Confirms appointments to the Board of Architects and Landscape Architects, the Board of Professional Engineers and Professional Land Surveyors, the Board of Real Estate Appraisers, and the Board of Realty Regulation. Effective 2/22/2017.
 - [SR 29](#) - Confirms appointments to the Board of Veterinary Medicine. Effective 2/22/2017.
 - [SR 36](#) - Confirms appointments to the Board of Chiropractors and the Board of Dentistry. Effective 3/16/2017.
 - [SR 46](#) - Confirms appointment to the Board of Professional Engineers and Professional Land Surveyors. Effective 3/9/2017.
 - [SR 62](#) - Confirms appointments to the Board of Optometry. Effective 4/24/2017.

Workers' Compensation-related

- [HB 449](#) - Revises the definition of wages in workers' compensation insurance to specify that lodging,

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rent, or housing is considered part of an employee's remuneration as further specified by rule, which is to address the geographic proximity of available housing and other reasonable factors affecting the valuation. Effective 10/1/2017.

- [SB 312](#) - Allows the Department of Labor and Industry to adopt prescription drug formularies for workers' compensation by rule under the Montana Administrative Procedure Act initially but not under MAPA for automatic updates. Effective 7/1/2017.
- [SJR 27](#) - A study of workers' compensation insurance in Montana.

Other

- [SR 55](#) - Confirms appointments to the Montana Human Rights Commission. Effective 4/13/2017.

Budgets

Department of Labor and Industry: FY2018-2019 Biennium

Divisions	House Bill 2 - General Fund		House Bill 2 - State Special Revenue		House Bill 13		Proprietary/ Off Budget		Federal	
	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Central Services FTEs FY 2018 & FY 2019 - 65.25	\$287,125	\$287,254	\$356,761	\$356,926	\$16,592	\$61,389	\$6,868,274	\$6,726,514	\$462,183	\$463,828
Central Services-Total All Sources FY2018- \$7,990,935 FY2019 - \$7,895,911										
Business Standards FTEs FY 2018 & FY 2019 - 129.56	0	0	\$16,991,348	\$17,038,124	\$32,588	\$114,556	0	0	\$383	\$383
Business Standards-Total All Sources* FY2018- \$17,410,946 FY2019 - \$17,528,841 *This includes \$386,527 in FY2018 and \$375,778 in FY2019 from Statutory Appropriations not listed in these columns.										
Employment Relations FTEs FY 2018 & FY 2019 - 117.06	\$1,353,577	\$1,355,635	\$11,706,183	\$11,729,021	\$26,659	\$97,129	\$1,528,375	\$1,528,375	\$912,973	\$915,249
Employment Relations -Total All Sources* FY2018- \$16,317,739 FY2019 - \$16,415,381 *This includes \$789,971 in FY2018 and \$789,971 in FY2019 from Statutory Appropriations not listed in these columns.										
Technology Services FTEs FY 2018 & FY 2019 - 54	0	0	0	0	\$14,516	\$53,489	\$10,437,322	\$10,452,117	0	0
Technology Services - Total All Sources* FY2018- \$10,451,838 FY2019 - \$10,505,606										
Unemployment Insurance FTEs FY 2018 & FY 2019 - 148.62	0	0	\$5,066,301	\$5,092,816	\$30,078	\$105,993	\$134,208,796	\$134,208,796	\$10,588,765	\$10,608,367
Unemployment Insurance - Total All Sources* FY2018- \$149,893,940 FY2019 - \$150,015,972										

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Divisions	House Bill 2 General Fund		House Bill 2 - State Spec. Rev		House Bill 13		Proprietary/ Off Budget		Federal	
	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Workforce Services FTEs FY 2018 & FY 2019 - 252.92	0	0	\$12,069,854	\$12,072,865	\$54,097	\$190,421	\$8,161	\$8,61	\$17,308,063	\$17,359,930
Workforce Services - Total All Sources* FY2018- \$29,440,155 FY2019 - \$29,631,377										
Office of Community Service FTEs FY 2018 & FY 2019 - 4	\$145,507	\$147,459	\$12,388	\$12,388	0	\$974	0	0	\$3,688,683	\$3,691,087
Office of Community Service - Total All Sources* FY2018- \$3,847,578 FY2019 - \$3,851,908										
Workers' Compensation Court FTEs FY 2018 & FY 2019 - 7	0	0	\$747,740	\$751,462	\$2,107	\$7,429	0	0	0	0
Workers' Compensation Court - Total All Sources* FY2018- \$749,847 FY2019 - \$758,891										

Attached Entities: Office of Community Service, Workers' Compensation Court

Additional Budget Information related to projected 10% cuts from FY19 Biennial Budgets
The Office of Budget and Program Planning distributed information to the various executive departments in August regarding impacts on particular offices of a 10% budget cut, if ordered by the governor. The Department of Labor and Industry's response is for reductions as listed below:

- Office of Administrative Hearings - \$23,713 in FY2018 and \$23,784 in FY2019 (plus \$5,000 related drop in indirect costs). Hearings depend on caseload; if caseload increases, staff time may be cut.
- Human Rights Bureau - \$104,770 in FY2018 and \$106,323 in FY2019 plus personal services reductions of \$29,588 in FY2018 and \$29,588 in FY2019 based on a projected retirement/vacancy. The reduction also will impact annual travel, outreach, and legal expenses.
- Office of Community Service - \$13,585 in FY2018 and \$13,754 in FY2019 (plus \$1,076 in FY2018 and \$1,089 in FY2019 from related drop in indirect costs). Some of the money is used as match for a federal administrative grant, which will be reduced accordingly. Staff hours would be reduced.

Selected Department of Labor and Industry Statistics Listed in November 2016 Fiscal Profile*

Data Point	FY 2014	FY 2016
Montana unemployment rate	5.2%	4.1%
Unemployment benefits paid	\$135.0 million	\$119.2 million
Workers receiving training	2,235	2,338
Total number of jobseekers	120,222	100,666

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Number of AmeriCorps members	345	404
Weights and measures inspections	19,530	17,434
Building inspections	51,810	52,631
Licensed devices	23,888	24,024

*Legislative Fiscal Division, Department of Labor and Industry, Agency Profile, November 2016, p. 6.

Workers' Compensation Data Points

		FY 2014	FY 2015	FY 2016
Workers' Compensation Court trials, hearings, reported conferences		75	63	53
Workers' Compensation premium market share	Montana State Fund	CY 14 - \$171 m	CY 15 - \$176 m	CY 16 - \$177 m
	Private Insurers	CY 14 - \$112 m	CY 15 - \$111 m	CY 16 - \$111 m
Workers' compensation claims filed		25,915	25,362	24,909
Claims filed	Montana State Fund	10,183	9,721	9,649
	Private Insurers	9,400	9,714	9,321
	Self-Insurers	6,332	5,927	5,939

Workers' Compensation Court data from <http://wcc.dli.mt.gov/stats.asp>, Premium Market Share and Claims Filed data are from the Employment Relations Division in the Department of Labor and Industry

Job Service Offices Closed or Facing Closure in Montana, Costs, Customers Served

Location	HB 2 Funding	Other Funding	Total Operating Costs	Unique Customers Served	Closure?
Anaconda	\$289,530.64	\$32,14.91	\$321,685.55	1,702	by 10/31/17
Dillon	\$230,781.94	\$32,463.06-	\$263,245.00	1,056	by 10/31/17
Glasgow	\$385,992.75	\$6,520.41	\$392,513.16	980	by 7/1/2017
Hamilton	\$512,416.11		\$563,196.23	4,288	by 10/31/17
Lewistown	\$364,106.91	-	\$364,106.91	1,449	by 10/31/17
Livingston	\$341,002.88	\$21,264.69	\$362,267.57	1,527	by 7/1/2017
Shelby	\$177,880.38	\$50,780.12	\$177,880.38	578	by 7/1/2017

The 16 remaining Job Service Offices are in Billings, Bozeman, Butte, Cut Bank, Glendive, Great Falls, Havre, Helena, Kalispell, Libby, Miles City, Missoula, Polson, Sidney, Thompson Falls, and Wolf Point.

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