

# DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

## FINANCIAL SUMMARY

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	FY 2010 REQUEST	GOVERNOR RECOMMENDS FY 2010
Department Administration	\$ 9,670,229	\$ 11,570,666	\$ 12,442,172	\$ 11,746,131
Labor and Industrial Relations Commission	863,070	987,581	988,235	1,013,868
Division of Labor Standards	2,198,500	3,184,222	3,135,548	3,043,685
Division of Workers' Compensation	84,574,912	71,543,276	89,885,059	89,768,532
Division of Employment Security	36,768,992	38,100,814	37,853,119	38,548,890
State Board of Mediation	7,225	119,275	124,243	124,787
Commission on Human Rights	1,476,505	1,768,964	1,809,807	1,743,313
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 135,559,433</b>	<b>\$ 127,274,798 *</b>	<b>\$ 146,238,183</b>	<b>\$ 145,989,206</b>
General Revenue Fund	2,481,196	2,646,233	2,629,834	2,323,402
Federal Funds	44,112,195	47,444,717	47,784,749	48,072,806
Tort Victims Compensation Fund	501	105,000	105,000	105,000
Workers' Compensation Fund	10,479,220	12,100,611	12,493,732	12,251,993
Second Injury Fund	68,123,231	61,796,719	80,250,000	80,250,000
Crime Victims' Compensation Fund	4,918,776	0	0	0
War on Terror Unemployment Compensation Fund	0	350,000	100,000	90,000
Child Labor Enforcement Fund	87,741	185,000	185,000	185,000
Special Employment Security Bond Proceeds Fund	0	1	1	1
Special Employment Security Fund	5,356,573	2,646,517	2,489,867	2,505,004
Unemployment Automation Fund	0	0	200,000	206,000
<b>Full-time equivalent employees</b>	<b>787.30</b>	<b>865.96</b>	<b>852.86</b>	<b>831.86</b>

\* Does not include \$14,453,281 recommended in the Fiscal Year 2009 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Labor and Industrial Relations supplemental appropriations.

## DEPARTMENT SUMMARY

The Fiscal Year 2010 budget provides a total of \$145.9 million for the Department of Labor and Industrial Relations. The department provides services that promote economic security and safe and healthy workplaces, and protects wage earners and individuals against discrimination.

This budget provides adequate funding to ensure that the department will be able to protect workers' rights, as well as their health and safety and for those who lose their jobs in these difficult economic times. The department is committed to distributing unemployment benefits and other assistance in a timely manner.

The core functions provided by the Department of Labor and Industrial Relations include:

- Processing and awarding payment of compensation to those who are unemployed, injured at work, or victims of crime.
- Assuring safe and healthy workplaces for Missouri employees through on-site inspections that identify hazards to be corrected in the workplace.
- Protecting wage earners and individuals against discrimination by improving workplace conditions and enforcing labor and anti-discrimination laws.

## **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

### **DEPARTMENT ADMINISTRATION**

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, financial management, human resources, legislative and public relations, research and analysis, and legal services.

#### **Fiscal Year 2010 Governor's Recommendations**

- \$1,104,731 federal and other funds increased transfer to the Department of Labor and Industrial Relations Administrative Fund for information technology services provided by the Office of Administration.
- \$283,037 federal funds reallocated for realignment of the cost allocation plan.
- \$216,466 increased transfer to the Department of Labor and Industrial Relations Administrative Fund for pay plan, including \$17,123 general revenue.
- \$1 federal funds on an open ended-basis to maximize the state's access to and use of federal stimulus funds when they become available.
- (\$928,907) and (11.1) staff core reduction from the Fiscal Year 2009 appropriation level, including (\$122,590) general revenue.
- (\$346,527) reallocated to various divisions to pay mailing charges, including (\$1,618) general revenue.
- (\$113,300) other funds and (two) staff transferred to the Office of Administration for information technology projects.
- (\$40,036) reallocated to the Missouri Commission on Human Rights.

### **LABOR AND INDUSTRIAL RELATIONS COMMISSION**

The three-member Labor and Industrial Relations Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage, victims of crime compensation, and tort victims compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions. The commission's opinions are subject to review by the judiciary. The commission has the responsibility of determining an appropriate bargaining unit of public employees, based on their community of interests and conducts secret ballot elections to determine majority status. The commission is also charged with the statutory authority to approve or disapprove all rules and regulations promulgated by the divisions within the department.

#### **Fiscal Year 2010 Governor's Recommendations**

- \$25,633 for pay plan, including \$256 general revenue.
- \$4,968 Workers' Compensation Fund reallocated for realignment of the federal cost allocation plan.
- \$654 reallocated from Administration to pay mailing charges, including \$37 general revenue.
- (\$4,968) reallocated to the State Board of Mediation.

### **DIVISION OF LABOR STANDARDS**

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conduct regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides safety and health training classes for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work and annually thereafter. The division provides on-site safety and health consultations to businesses and industrial facilities by qualified professional consultants to identify serious hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these consultations upon employer requests.

#### **Fiscal Year 2010 Governor's Recommendations**

- \$62,258 for pay plan, including \$29,304 general revenue.
- \$1,059 reallocated from Administration to pay mailing charges, including \$774 general revenue.
- (\$198,886) and (five) staff core reduction from the Fiscal Year 2009 appropriation level, including (\$154,121) general revenue.
- (\$4,968) Workers' Compensation Fund reallocated for realignment of the federal cost allocation plan.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
DIVISION OF WORKERS' COMPENSATION**

**FINANCIAL SUMMARY**

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	GOVERNOR RECOMMENDS FY 2010
Administration	\$ 8,210,825	\$ 9,646,557	\$ 9,418,532
Second Injury Benefits	68,123,231	61,796,719	80,250,000
Crime Victims' Administration	354,029	0	0
Crime Victims' Compensation Benefits	7,886,827	0	0
Tort Victims Compensation Payments	0	100,000	100,000
<b>TOTAL</b>	<b>\$ 84,574,912</b>	<b>\$ 71,543,276</b>	<b>\$ 89,768,532</b>
Federal Funds	3,361,457	0	0
Tort Victims Compensation Fund	501	105,000	105,000
Workers' Compensation Fund	8,210,324	9,641,557	9,413,532
Second Injury Fund	68,123,231	61,796,719	80,250,000
Crime Victims' Compensation Fund	4,879,399	0	0

**DIVISION OF WORKERS' COMPENSATION - ADMINISTRATION**

The Division of Workers' Compensation processes all reports of job-related injuries and formal claims for compensation filed with the division under the "Missouri Workers' Compensation Law." The division also resolves disputed issues between an employee and employer/insurer through mediation and/or evidentiary hearings conducted by its administrative law judges. The division administers the rehabilitation of seriously injured workers, resolves disputes concerning the reasonableness of medical fees and charges, reviews and approves applications by employers or group trusts for self-insurance authority, and investigates allegations of workers' compensation fraud and noncompliance.

**Fiscal Year 2010 Governor's Recommendations**

- \$227,369 Workers' Compensation Fund for pay plan.
- \$49,800 Workers' Compensation Fund for salary increases for Administrative Law Judges which correspond to the salaries of Associate Circuit Court Judges.
- \$115,102 Workers' Compensation Fund reallocated from Administration to pay mailing charges.
- (\$393,696) Workers' Compensation Fund and (five) staff core reduction from the Fiscal Year 2009 appropriation level.
- (\$226,600) Workers' Compensation Fund and (four) staff transferred to Administration for development of the new Workers' Compensation computer system.

**SECOND INJURY FUND**

The Second Injury Fund is designed to compensate an injured employee when a current work-related injury combines with any prior injury that creates an increased combined disability. For example, if an injured employee has a 15 percent disability from the current work-related injury and a 15 percent disability from the prior injury, and the combined disability is 40 percent, the fund pays for the increased disability. The fund is also responsible for payment of medical bills for injured employees when the employer fails to insure its workers' compensation liability. In addition, if the employee is killed, burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the employee are paid from the fund. The fund also provides benefits to injured employees undergoing physical rehabilitation. For injuries taking place after August 28, 1998, the fund also provides second job lost wage benefits.

**Fiscal Year 2010 Governor's Recommendations**

- \$18,453,281 Second Injury Fund on an open-ended basis for payment of claims.

**TORT VICTIMS COMPENSATION PAYMENTS**

The Tort Victims Compensation Fund provides benefits to individuals who have received a final monetary judgment in a civil case but who have been unable to collect all, or part of, the judgment entered against the defendant. Funding is provided from the Tort Victims Compensation Fund. The fund's exclusive revenue source is 50 percent of all punitive damage awards entered in civil cases in Missouri. Of this amount, 74 percent is used to pay victims.

**Fiscal Year 2010 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
DIVISION OF EMPLOYMENT SECURITY**

**FINANCIAL SUMMARY**

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	GOVERNOR RECOMMENDS FY 2010
Administration	\$ 21,103,817	\$ 28,360,946	\$ 29,053,885
Special Employment Security Fund	5,316,436	2,389,867	2,405,004
War on Terror Unemployment Compensation Program	0	350,000	90,000
Employment and Training Payments	10,348,739	7,000,000	7,000,000
Board of Unemployment Fund Financing Bond Proceeds	0	1	1
<b>TOTAL</b>	<b>\$ 36,768,992</b>	<b>\$ 38,100,814</b>	<b>\$ 38,548,890</b>
Federal Funds	31,452,556	35,360,946	35,847,885
War on Terror Unemployment Compensation Program	0	350,000	90,000
Special Employment Security Bond Proceeds Fund	0	1	1
Special Employment Security Fund	5,316,436	2,389,867	2,405,004
Unemployment Automation Fund	0	0	206,000

**DIVISION OF EMPLOYMENT SECURITY - ADMINISTRATION**

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

**Fiscal Year 2010 Governor's Recommendations**

- \$690,634 federal and other funds for pay plan.
- \$228,905 federal funds reallocated from Administration to pay mailing charges.
- (\$226,600) federal funds and (four) staff transferred to Administration for development of the new Employment Security computer system.

**SPECIAL EMPLOYMENT SECURITY FUND**

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, which includes refunds of overcollected interest and penalties and administrative expenses of the division not covered by the federal grant. The fund may also be used to acquire suitable office space for the division. Section 288.128, RSMo, provides for federal interest assessments on Title XII advances to the Unemployment Compensation Trust Fund to be deposited into this fund until payment to the federal government is made.

**Fiscal Year 2010 Governor's Recommendations**

- \$15,136 Special Employment Security Fund for pay plan.
- \$1 Special Employment Security Fund on an open-ended basis for Federal Interest Payments.

**WAR ON TERROR UNEMPLOYMENT COMPENSATION PROGRAM**

The War on Terror Unemployment Compensation Program provides enhanced unemployment benefits to veterans of the War on Terror who have been dismissed or demoted as a result of being deployed. Benefits are paid out of the War on Terror Unemployment Compensation Fund, which consists of administrative penalties paid by employers found in violation of the statutory provisions.

**Fiscal Year 2010 Governor's Recommendations**

- (\$260,000) War on Terror Unemployment Compensation Fund core reduction from the Fiscal Year 2009 appropriation level.

## **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

### **DIVISION OF EMPLOYMENT SECURITY (Continued)**

#### **EMPLOYMENT AND TRAINING PAYMENTS**

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

#### **Fiscal Year 2010 Governor's Recommendations**

Continue funding at the current level.

### **BOARD OF UNEMPLOYMENT FUND FINANCING**

The Board of Unemployment Fund Financing has authority to borrow up to \$450 million in credit instruments or financial agreements to fund the Unemployment Compensation Trust Fund in accordance with Sections 288.310, 288.330, and 288.128, RSMo.

#### **Fiscal Year 2010 Governor's Recommendations**

Continue funding at the current level.

### **STATE BOARD OF MEDIATION**

The State Board of Mediation is a quasi-judicial board created by an act of the General Assembly in 1947 to mediate public utility disputes. Since 1967, the board has been charged with the responsibility of determining appropriated bargaining units of public employees. It also conducts secret ballot elections to determine exclusive bargaining agent status. The board retains the authority to mediate disputes in the area of public utilities regarding wages and working conditions.

#### **Fiscal Year 2010 Governor's Recommendations**

- \$3,219 for pay plan.
- \$4,968 reallocated from the Labor and Industrial Relations Commission.
- (\$2,675) core reduction from the Fiscal Year 2009 appropriation level.

### **MISSOURI COMMISSION ON HUMAN RIGHTS**

The statutory mandate of the Missouri Commission on Human Rights (MCHR) is to prevent and eliminate discrimination as prohibited by the Missouri Human Rights Act. The act requires the MCHR to receive, investigate, and resolve complaints of alleged discrimination in the areas of housing, employment, and public accommodations due to race, color, religion, national origin, ancestry, sex, disability, or age (in employment only) and familial status (in housing only). Through its education and outreach program, the MCHR reduces intergroup conflict and discourages illegal discrimination.

#### **Fiscal Year 2010 Governor's Recommendations**

- \$45,411 for pay plan, including \$18,558 general revenue.
- \$40,036 reallocated from Administration.
- \$807 reallocated from Administration to pay mailing charges.
- (\$111,905) and (three) staff core reduction from the Fiscal Year 2009 appropriation level.