

Murdo, Patricia

Subject: FW: Board Member Notice - Opportunity to comment to Economic Affairs Interim Committee
RE: SB 390 Study

From: Byron Stahly [
Sent: Friday, October 30, 2015 4:30 PM
To: Connor, Maggie <
Subject: RE: Board Member Notice - Opportunity to comment to Economic Affairs Interim Committee RE: SB 390 Study

Thank you for the opportunity to comment on charges assessed to licensing boards by the department. I am fully aware of how the department staff charges time to boards as described in your email below. Our executive officer and Mr. Younkin have both done a great job of explaining this clearly to our board in past discussions / conversations. This approach to assessing labor and charges to all the various boards appears fair and equitable. Travel is/can be a significant direct expense and probably should be allocated directly to the board expending the travel expense and it is my understanding this is indeed the case.

Regarding the comment you received from one board member of possibly using cash flow from boards with greater number of licensees to supplement (subsidize?) boards with fewer licensees. I do not support the subsidized approach. Boards that may be faced with cash flow/budget issues should take a hard look into ways of operating more efficiently and then approach the reality that fees may need to be raised to cover the associated costs of that board.

I do have a few comments and suggestions regarding the expense categories on budget spreadsheet we are provided. Breaking out bigger cost items into individual expense categories would help me have a clearer understanding of the expenses incurred by the department and I would also think this would help department staff as well.

62100 Other Services: I have been told this category is for services by others provided outside the department. As such perhaps considering naming this expense category "outside services".

62800 Other Expenses: regarding our board (pels) this expense is highly variable month to month, so I have asked what this category contains. It includes technical services (IT), legal, collection fee expenses, staff training expense, agency indirect cost. I would suggest looking to break out the major expense items in this category into individual categories. Giving boards and staff a clearer picture without a lot of additional work.

Don't hesitate to contact me should you have any questions.

Byron Stahly, PE

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From: Connor, Maggie [<mailto:MConnor@mt.gov>]

Sent: Monday, October 19, 2015 4:32 PM

Subject: Board Member Notice - Opportunity to comment to Economic Affairs Interim Committee RE: SB 390 Study

Board members:

The 2015 Legislature passed SB 390, which directed the Economic Affairs Interim Committee (EAIC) to study the charges applied to Boards by the Department of Labor and Industry. I've attached a copy of SB 390 to this email, and included the relevant portion of the legislation below:

“Section 1. Interim study of fees assessed -- governmental agencies -- boards. (1) The economic affairs interim committee provided for in 5-5-223 shall conduct a study of fees charged by the department of labor and industry to licensing boards as provided under subsection (2).

(2) The study must include but is not limited to reviewing the following:

(a) fees incurred, calculated, or charged by the department of labor and industry that are:

(i) associated with licensing individuals, including initial licensing, reciprocity, and renewal;

(ii) related to compliance, including inspections and audits; and

(iii) related to any legal or enforcement actions;

(b) costs by the department that are:

(i) direct and indirect costs;

(ii) standardized administrative service costs for license verification, duplicate licenses, late penalty renewals, license lists, and other administrative service costs;

(iii) administrative service costs not related to a specific board or program; and

(iv) legal costs;

(c) whether fees for administrative services are commensurate with the costs of the services provided; and

(d) whether the services provided add value to the work of the boards and contribute to public safety.”

As hopefully most of you are aware, the Department assesses charges to the boards in primarily two ways:

- 1) Any hours or charges that can be specifically attributed to a specific board are directly charged to that board, then,
- 2) Other hours or charges are distributed to all boards on a percentage basis, based on the level of effort to provide services during the preceding quarter (measured by calculating each board's share of direct-billed hours).

The Committee would like to hear from you. At its July meeting, the EAIC was presented with input from one board member suggesting the Committee:

- 1) Explore other funding sources for licensing boards (such as State General Fund), and/or
- 2) Explore the possibility of using the cash flow of boards with greater numbers of licensees to supplement the cash flow of boards with fewer licensees.

Subsequently, the Committee asked the Department to offer all board members the opportunity to provide comment on charges assessed to licensing boards/programs by the Department. Committee staff will be compiling input from the board members.

If you have comments relative to this study you would like the Committee to be aware of, please send them to pmurdo@mt.gov, no later than November 6th, 2015.

Thank you for your time,

Todd Younkin
Business Standards Division Administrator