

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	100,479,860	99,851,336	(628,524)	(0.63)%
Operating Expenses	57,089,962	61,390,778	4,300,816	7.53 %
Equipment & Intangible Assets	1,261,968	3,267,698	2,005,730	158.94 %
Grants	18,658,653	18,831,584	172,931	0.93 %
Benefits & Claims	130,778	200,778	70,000	53.53 %
Transfers	809,062	836,066	27,004	3.34 %
Debt Service	1,438,298	484,793	(953,505)	(66.29)%
Total Expenditures	\$179,868,581	\$184,863,033	\$4,994,452	2.78 %
General Fund	4,584,458	5,146,856	562,398	12.27 %
State/Other Special Rev. Funds	106,725,437	112,410,871	5,685,434	5.33 %
Federal Spec. Rev. Funds	68,558,686	67,305,306	(1,253,380)	(1.83)%
Total Funds	\$179,868,581	\$184,863,033	\$4,994,452	2.78 %
Total Ongoing	\$179,868,581	\$182,402,834	\$2,534,253	1.41 %
Total OTO	\$0	\$2,460,199	\$2,460,199	100.00 %

Mission Statement

The purpose of the Department of Labor and Industry is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities.

The department is divided into five divisions:

- The Workforce Services Division
- The Unemployment Insurance Division
- The Commissioner's Office/Centralized Services Division
- The Employment Standards Division
- The Technology Services Division

The Office of Community Services and Workers' Compensation Court are administratively attached. Other administratively attached entities include the Unemployment Insurance Appeals Board, Commission for Human Rights, Board of Personnel Appeals, and various professional and occupational licensing boards.

Please refer to the agency profile at <https://leg.mt.gov/lfd/appropriation-subcommittee-section-a/agency-department-labor-industry/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Department of Labor and Industry Major Budget Highlights	
<ul style="list-style-type: none"> • The Department of Labor and Industries 2025 biennium requested appropriations are approximately \$5.0 million or 2.8% higher than the 2023 biennium • Statewide present law (SWPL) adjustments account for an increase of approximately \$6.8 million for personal services, fixed costs, and inflation/deflation • SWPL adjustments were partially offset by a new proposal to remove 40.00 FTE and \$4.4 million over the 2025 biennium in the Workforce Services Division due to increased efficiencies within the division • The executive proposal also includes: <ul style="list-style-type: none"> ◦ A one-time-only state special revenue increase of \$2.3 million for equipment and vehicles purchases in the Weights and Measures Program in the Employment Standards Division ◦ An increase in state special revenue of \$666,000 and 1.51 FTE in the Employment Standards Division to re-establish authority for the Board of Public Accountants ◦ An increase across all funds totaling \$676,000 for increased centralized services costs ◦ A \$1.7 million decrease for technology costs that have been transferred to the Department of Administration ◦ A state special revenue reduction of \$540,000 for the HELP Link program 	

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	668.48	668.48	628.99	628.98
Personal Services	46,476,574	49,528,819	50,951,041	49,758,587	50,092,749
Operating Expenses	23,785,553	28,255,250	28,834,712	30,603,853	30,786,925
Equipment & Intangible Assets	753,395	778,119	483,849	2,783,849	483,849
Grants	7,541,056	9,242,861	9,415,792	9,415,792	9,415,792
Benefits & Claims	18,550	30,389	100,389	100,389	100,389
Transfers	351,101	391,729	417,333	417,933	418,133
Debt Service	945,204	1,197,124	241,174	242,222	242,571
Total Expenditures	\$79,871,433	\$89,424,291	\$90,444,290	\$93,322,625	\$91,540,408
General Fund	2,034,408	2,129,026	2,455,432	2,585,698	2,561,158
State/Other Special Rev. Funds	50,392,050	53,173,241	53,552,196	57,017,838	55,393,033
Federal Spec. Rev. Funds	27,444,975	34,122,024	34,436,662	33,719,089	33,586,217
Total Funds	\$79,871,433	\$89,424,291	\$90,444,290	\$93,322,625	\$91,540,408
Total Ongoing	\$79,871,433	\$89,424,291	\$90,444,290	\$90,919,977	\$91,482,857
Total OTO	\$0	\$0	\$0	\$2,402,648	\$57,551

Agency Discussion*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The Department of Labor and Industry expended 89.3% of their \$89.4 million HB 2 modified budget in FY 2022. The agency's HB 2 budget is primarily funded with state special revenue, with a small portion coming from the general fund. Lower expenditures are primarily due to the agency receiving fewer federal grants in FY 2022 compared to prior years as well as a high number of vacancies leading to reduced personal services expenditures.

FY 2022 Appropriations Compared to FY 2023 Appropriations

FY 2023 appropriation authority is approximately \$1.0 million greater than FY 2022 appropriation authority. The differences between FY 2022 and FY 2023 appropriations are primarily due to additional house bill authority, program transfers, and operating plan changes. These differences are explained in more detail in the various division's sections of this report.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Department of Labor and Industry Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Workforce Services Division				
Personal Services	17,704,134	(233,156)	17,470,978	-1.3%
Operating Expenses	6,533,202	640,000	7,173,202	9.8%
Equipment & Intangible Assets	12,908		12,908	0.0%
Grants	6,722,914	(406,844)	6,316,070	-6.1%
Transfers	101,814		101,814	0.0%
Debt Service	124,387		124,387	0.0%
Workforce Services Division Total	31,199,359	-	31,199,359	0.0%
Unemployment Insurance Division				0.0%
Personal Services	10,445,380	33,773	10,479,153	0.3%
Operating Expenses	7,150,776	-	7,150,776	0.0%
Debt Service	36,505		36,505	0.0%
Unemployment Insurance Division Total	17,632,661	33,773	17,666,434	0.2%
Commissioner's Office & Centralized Services Division				0.0%
Personal Services	1,007,027	(33,773)	973,254	-3.4%
Operating Expenses	607,992	-	607,992	0.0%
Transfers	20,000		20,000	0.0%
Debt Service	3,359		3,359	0.0%
Commissioner's Office & Centralized Services Division Total	1,638,378	(33,773)	1,604,605	-2.1%
Employment Relations Division				0.0%
Personal Services	10,146,556	(10,146,556)	-	-100.0%
Operating Expenses	4,914,297	(4,914,297)	-	-100.0%
Equipment & Intangible Assets	10,941	(10,941)	-	-100.0%
Benefits & Claims	100,389	(100,389)	-	-100.0%
Transfers	10,000	(10,000)	-	-100.0%
Debt Service	23,429	(23,429)	-	-100.0%
Employment Relations Division Total	15,205,612	(15,205,612)	-	-100.0%
Employment Standards Division				0.0%
Personal Services	10,850,078	10,154,556	21,004,634	93.6%
Operating Expenses	8,445,439	4,906,297	13,351,736	58.1%
Equipment & Intangible Assets	460,000	10,941	470,941	2.4%
Grants	5,000		5,000	0.0%
Benefits & Claims		100,389	100,389	100.0%
Transfers	34,869	10,000	44,869	28.7%
Debt Service	49,357	23,429	72,786	47.5%
Employment Standards Division Total	19,844,743	15,205,612	35,050,355	76.6%
Office of Community Services				0.0%
Personal Services	389,454		389,454	0.0%
Operating Expenses	390,900		390,900	0.0%
Grants	3,094,722		3,094,722	0.0%
Transfers	250,650		250,650	0.0%

Debt Service	1,172	1,172	0.0%
Office of Community Services Total	4,126,898	4,126,898	0.0%
Workers' Compensation Court			
Personal Services	633,568	633,568	0.0%
Operating Expenses	160,106	160,106	0.0%
Debt Service	2,965	2,965	0.0%
Workers' Compensation Court Total	796,639	796,639	0.0%
Department of Labor and Industry Total	90,444,290	- 90,444,290	0.0%

In addition to HB 2 and HB 13, the 2021 Legislature passed the following legislation that is included in the Department of Labor and Industry's legislative budget for the 2025 biennium:

- HB 210 - Eliminated the speech/audiology aide position. DOLI is responsible for implementing these changes as they are in charge of the administration and rulemaking for the Speech-Language Pathology
- HB 217 - Established a licensure for genetic counselors
- HB 276 - Added a behavioral health peer support specialist to the Board of Behavioral Health
- HB 495 - Created a health care provider task force, for which DOLI provides clerical and administrative services
- HB 593 - Revised barber and cosmetology laws including membership, rulemaking, and licensure requirements
- HB 629 – Created a job creation tax credit to incentivize Montana job growth
- HB 702 - Prohibits discrimination based on a person's vaccination status
- SB 106 - Created a licensure and establishment of qualifications for veterinary technicians

Modifications made to the legislative budget include the following:

- An operating plan transfer between expenditure categories of \$640,000 in the Workforce Services Division to ensure there was an appropriate level of operating expense authority for the fiscal year
- A program transfer from the Centralized Services Division to the Unemployment Insurance Division of \$33,000 and 0.50 FTE
- A reorganization that moved the Employment Relations Division into the Business Relations Division

Executive Request

The executive proposes an increase above the FY 2023 base of approximately \$2.9 million in FY 2024 and \$1.1 million in FY 2025. These increases are primarily in state and federal special revenue for statewide present law adjustments for personal services, fixed costs, and inflation/deflation.

These requests will be discussed in further detail at the program level.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan, submitted by the agency, is in the budget analysis appendix. The 5.0% plan includes reductions in the following:

- Workforce Services Division of approximately \$10,000 in state special revenue for a reduction in contracted services for the HELP Link program
- Unemployment Insurance Division of approximately \$13,000 in state special revenue by reducing resources for identifying fraud activity in the unemployment insurance system
- Employment Standards Division of approximately \$1.4 million in state special revenue through eliminating funding for sunseting boards
- Office of Administrative Hearings of approximately \$12,000 in general fund by limiting staff time spent on Human Rights hearings

- Workers Compensation Court of approximately \$33,000 in state special revenue by eliminating 0.50 FTE for a court reporter
- Office of Community Services of approximately \$7,000 in general fund by leaving one position vacant
- Human Rights Investigator of approximately \$82,000 in general fund by eliminating a human rights investigator position

Right to Know Requests

In FY 2022:

- The DOLI Legal Unit spent approximately 500 hours of time responding to public right to know requests, which resulted in \$47,323 billed to DOLI Divisions for their services
- The DOLI Commissioner’s Office spends approximately 3 hours a week responding to public right to know requests
- In other places, DOLI does not track employee time for routine public right to know requests as this is part of daily functions
- DOLI collected approximately \$1,550 from entities requesting public right to know information

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Decision Package 1
01 Work Force Services Division	(2,308)	63,764	171,122	232,578
02 Unemployment Insurance Division	168,885	244,703	-	413,588
03 Commissioner's Office & Centralized Services Division	24,237	(93,353)	-	(69,116)
05 Employment Standards Division	108,767	201,749	-	310,516
07 Office of Community Services	9,659	16,498		26,157
09 Workers Compensation Court	16,604	987		17,591
Grand Total	325,844	434,348	171,122	931,314

Personal services were \$51.0 million or 56.3% of total FY 2023 appropriations. During the 2023 biennium, the Department of Labor and Industry issued pay increases including retention, promotion, and career ladder adjustments, primarily to address high employee turnover. During FY 2022, DOLI had 95 employees leave state employment, 34 retire, and 27 transfer to different state agencies.

On July 13, 2022 (date of the personal services snapshot), DOLI had 85.11 FTE vacant out of their 668.48 HB 2 FTE. The Workforce Services Division had the highest number of vacancies with 48.50 FTE, primarily for employment specialists. It should be noted that the agency underwent a reorganization in FY 2022. During this reorganization, hiring efforts were partially paused leading to a higher number of vacancies.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Labor and Industry Funding by Source of Authority 2025 Biennium Budget Request - Department of Labor and Industry						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	4,986,657	160,199	0	0	5,146,856	1.07 %
State Special Total	110,110,871	2,300,000	0	1,397,854	113,808,725	23.70 %
Federal Special Total	67,305,306	0	0	0	67,305,306	14.01 %
Proprietary Total	0	0	293,933,115	92,647	294,025,762	61.22 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$182,402,834	\$2,460,199	\$293,933,115	\$1,490,501	\$480,286,649	
Percent - Total All Sources	37.98 %	0.51 %	61.20 %	0.31 %		

HB 2 Authority

General Fund

General fund accounts for 1.1% of the Department of Labor and Industry's total appropriation authority. General fund supports activities in the Workforce Services Division, Commissioner's Office and Centralized Services Division, Employment Standards Division, and the Office of Community Services.

State Special Revenue

State special revenue accounts for 23.7% of the department's total appropriation authority. State special revenue funding sources include the employment security account, accounts for professional licensing boards or programs, and the uninsured employer's fund. The majority of state special revenue comes from the employment security account, which generates revenue from an administrative assessment against the payrolls of Montana employers.

LFD COMMENT	<p>The employment security account is one of the major state special revenue accounts in the Department of Labor and Industry and it provides funding to several different divisions within the department.</p> <p>Statute outlines the allowed uses of the fund as follows:</p> <ul style="list-style-type: none"> • Unemployment insurance benefits • Administration of the unemployment insurance program • Costs for collecting special administrative assessments • Cost for employment offices including expenses for providing services to the business community • Apprenticeship and training programs • Displaced homemaker services • Department of Labor and Industry research and analysis programs
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- Wage and hour laws, prevailing wages, and collective bargaining expenses
- Principal, interest, and redemption of employment security revenue bonds

The following figure shows the revenues, expenditures, and fund balance for the account for the 2023 and 2025 biennia.

Department of Labor and Industry Employment Security Account - 02258				
	Actual FY 2022	Estimated FY 2023	Proposed FY 2024	Proposed FY 2025
Beginning Fund Balance	6,045,064	9,918,221	9,976,807	10,176,589
Revenue				
Charges for Services	-	300	300	300
Investment Earnings	23,202	21,861	21,861	21,861
Contributions/Premiums	24,427,334	22,270,528	22,270,528	22,270,528
Grants/Transfers/Misc.	-	5,000	5,000	5,000
Total Revenues	24,450,536	22,297,689	22,297,689	22,297,689
HB 2 Expenditures				
Workforce Services Division	11,597,267	13,213,706	13,210,561	13,302,677
Unemployment Insurance Division	8,879,530	6,445,951	6,283,731	6,591,748
Commissioner's Office/Centralized Services Division	521,386	620,600	602,910	606,923
Employment Standards Division	1,810,506	1,958,846	2,000,705	2,009,998
Total HB 2 Expenditures	22,808,689	22,239,103	22,097,907	22,511,346
Adjustments	2,231,310			
Ending Fund Balance	9,918,221	9,976,807	10,176,589	9,962,932

Federal Special Revenue

Federal special revenue makes up 14.0% of the Department of Labor and Industry's total appropriation authority. The uses and requirements for these funds are determined by the federal agencies granting the funding.

Non-Budgeted Proprietary Funding

The majority of the Department of Labor and Industry's funding comes from non-budgeted proprietary funding, primarily for unemployment benefits.

Statutory Funding

The department has a small portion of statutory authority for the uninsured employer fund, Board of Public Accountants, Underground Facility Protection Program, and the Board of Real Estate Appraisers.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	2,455,432	2,455,432	4,910,864	95.41 %	90,444,290	90,444,290	180,888,580	97.85 %
SWPL Adjustments	39,704	60,204	99,908	1.94 %	3,170,790	3,628,490	6,799,280	3.68 %
PL Adjustments	0	0	0	0.00 %	2,307,864	117,682	2,425,546	1.31 %
New Proposals	90,562	45,522	136,084	2.64 %	(2,600,319)	(2,650,054)	(5,250,373)	(2.84)%
Total Budget	\$2,585,698	\$2,561,158	\$5,146,856		\$93,322,625	\$91,540,408	\$184,863,033	

HB 2 Language -

The Department of Labor and Industry does not have any language appropriation requests.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	33,972,005	30,864,088	(3,107,917)	(9.15)%
Operating Expenses	13,488,525	14,701,721	1,213,196	8.99%
Equipment & Intangible Assets	25,816	25,816	0	0.00%
Grants	12,472,240	12,632,140	159,900	1.28%
Transfers	131,628	203,628	72,000	54.70%
Debt Service	468,294	248,774	(219,520)	(46.88)%
Total Expenditures	\$60,558,508	\$58,676,167	(\$1,882,341)	(3.11)%
General Fund	271,895	543,790	271,895	100.00%
State/Other Special Rev. Funds	26,345,867	26,357,952	12,085	0.05%
Federal Spec. Rev. Funds	33,940,746	31,774,425	(2,166,321)	(6.38)%
Total Funds	\$60,558,508	\$58,676,167	(\$1,882,341)	(3.11)%
Total Ongoing	\$60,558,508	\$58,676,167	(\$1,882,341)	(3.11)%
Total OTO	\$0	\$0	\$0	0.00%

Program Description

The Workforce Services Division (WSD) serves Montana workers and employers by fostering a highly skilled, trained, employment-ready workforce and connecting workers with employment and job training opportunities. The WSD engages with employers and industries to understand and address future workforce needs. WSD operates 17 Job Service Offices (JSOs) across Montana tasked with working with individual job seekers to identify and pursue good-paying, sustainable careers, and connect them with resources to change careers, upskill, or otherwise prepare them for the workforce. The WSD administers Montana's Registered Apprenticeship Program, which provides paid, on-the-job training in a wide range of fields and provides high-quality economic and labor market information to Montana policymakers, employers, and other stakeholders. WSD is structured in three bureaus: Job Service Montana, Data & Operations, and Employer Engagement & Education. Also housed within WSD is the State Workforce Innovation Board, tasked with advising the Governor on statewide workforce development strategies.

Program Highlights

Workforce Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Workforce Services Division 2025 biennium requested appropriations are approximately \$1.9 million or 3.1% less than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ A reduction of 40.00 FTE and their corresponding funding of \$2.2 million each fiscal year ◦ Reductions in state special revenue for the HELP Link Program ◦ Reductions in state and federal special revenue for technology services due to the services being transferred to the Department of Administration ◦ Decreases are partially offset by state and federal special revenue increases due to increased rates for centralized services

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	243.50	243.50	201.50	201.50
Personal Services	15,409,835	16,501,027	17,470,978	15,379,060	15,485,028
Operating Expenses	5,132,481	6,315,323	7,173,202	7,332,547	7,369,174
Equipment & Intangible Assets	0	12,908	12,908	12,908	12,908
Grants	5,071,274	6,156,170	6,316,070	6,316,070	6,316,070
Transfers	0	29,814	101,814	101,814	101,814
Debt Service	343,760	343,907	124,387	124,387	124,387
Total Expenditures	\$25,957,350	\$29,359,149	\$31,199,359	\$29,266,786	\$29,409,381
General Fund	0	0	271,895	271,895	271,895
State/Other Special Rev. Funds	11,816,322	12,468,249	13,877,618	13,133,730	13,224,222
Federal Spec. Rev. Funds	14,141,028	16,890,900	17,049,846	15,861,161	15,913,264
Total Funds	\$25,957,350	\$29,359,149	\$31,199,359	\$29,266,786	\$29,409,381
Total Ongoing	\$25,957,350	\$29,359,149	\$31,199,359	\$29,266,786	\$29,409,381
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Workforce Services Division expended 88.4% of their \$29.4 million HB 2 modified budget in FY 2022. Personal services were 93.4% expended, operating expenses were 81.3% expended, and grants were 82.4% expended. Lower expenditures in personal services are due to vacant positions. The primary cause of low grant and operating expenditures is due to the division receiving less federal revenue than anticipated. Over the last several years, the division has not received as much federal revenue as prior years.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Workforce Services Division FY 2023 appropriation authority is approximately \$1.8 million or 6.3% greater than the FY 2022 appropriation authority. This increase is driven by increases in budgeted personal services and operating expenses.

The 2021 Legislature budgeted for higher personal services and operating expenditures in FY 2023 to meet the statewide present law adjustment projections. Additionally, funding for HB 13 (pay plan and additional longevity) and general fund authority for HB 629 (implementation of an income tax credit to incentivize Montana job growth) were only included in FY 2023. Lastly, in FY 2022, the Workforce Services Division made several operating plan transfers to balance the HB 2 budget and made a program transfer that moved authority to the Unemployment Insurance Division to support the Unemployment Insurance Information Technology system rebuild. These budget changes resulted in a net decrease in the personal services and operating expense budget in FY 2022.

Executive Request

The Workforce Services Division is requesting a decrease of approximately \$1.9 million in FY 2024 and \$1.8 million in FY 2025 below the FY 2023 base appropriations. This decrease is primarily due to the proposed reduction of 40.00 FTE and associated funding, totaling approximately \$4.4 million over the 2025 biennium. During the 2023 biennium, it was determined that these FTE were no longer needed due to division efficiencies, and the executive is requesting to remove them. Additionally, the executive is requesting a reduction in state special revenue for the HELP Link due to the passage of HB 614 which only permits private entities to provide workforce development services under the program, as well as a reduction in state and federal special revenue for information technology (IT) costs that have been transferred to the Department of Administration.

The executive proposal includes increases in state and federal special revenue for statewide present law adjustments for personal services, fixed costs, and inflation/deflation. The proposal also includes increases attributed to greater centralized service rates and for new fixed costs related to the Chief Data Office in the Department of Administration.

Program Personal Services Narrative

The Workforce Services Division has 243.50 permanent HB 2 FTE. As of August 1, 2022, the division had 72.30 FTE vacant. During FY 2022, the agency had 53 employees leave state employment, 10 retire, and 8 transfer to a new agency. The majority of these vacancies are for employment specialists across the State of Montana.

Personal services were \$17.5 million or 56.0% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$233,000 in FY 2024 and \$345,000 in FY 2025. This increase is primarily driven by both legislative and management decisions. During FY 2022, management issued promotion, market, and retention adjustments that increased employees pay. Additionally, the program did reclassify certain positions with higher pay rates. Legislatively, these increases in salaries led to an increase in total benefit and longevity compensation for FY 2023.

**LFD
COMMENT**

In FY 2023, the Workforce Services Division transferred \$233,000 in personal services appropriations through modifications that transferred authority out of personal services and into operating expenses. The Workforce Services Division did not eliminate FTE as part of the modifications. Personal services appropriations for the 2025 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the Workforce Services Division did not reduce FTE when it eliminated personal services funding in FY 2023, the reduction automatically returns when the personal services snapshot is used to establish the level of funding required for the 2025 biennium. As a result, the Workforce Services Division's 2025 biennium budget has a base budget that is \$233,000 higher each year than it would have been had the appropriation remained in personal services. The executive addressed this problem with DP 101, which reduces personal services funding and eliminates 2.00 FTE related to the HELP Link program in each fiscal year.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 01-Workforce Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	543,790	0	0	0	543,790	0.93 %
02242 Contracts From PHHS	0	0	0	0	0	0.00 %
02258 Employment Security Account	25,007,952	0	0	0	25,007,952	94.88 %
02067 Montana HELP Act	1,350,000	0	0	0	1,350,000	5.12 %
State Special Total	\$26,357,952	\$0	\$0	\$0	\$26,357,952	44.91 %
03124 Employment Trng Grants	14,081,124	0	0	0	14,081,124	44.32 %
03128 L & I Federal Funding	647,763	0	0	0	647,763	2.04 %
03194 Research & Analysis BLS	1,414,010	0	0	0	1,414,010	4.45 %
03297 Labor and Industry Veteran Gra	1,538,057	0	0	0	1,538,057	4.84 %
03682 Wagner Peyser	11,383,300	0	0	0	11,383,300	35.83 %
03692 Alien Labor Certification(ALC)	615,296	0	0	0	615,296	1.94 %
03693 Wrk Opportunities Tx Crdt/WOTC	159,466	0	0	0	159,466	0.50 %
03694 Trade Adjustment Assist/NAFTA	879,893	0	0	0	879,893	2.77 %
03954 UI Administrative Grants	41,353	0	0	0	41,353	0.13 %
03982 RESEA	777,458	0	0	0	777,458	2.45 %
03920 ARPA State Recovery Sec 602	0	0	0	0	0	0.00 %
03660 SAA	236,705	0	0	0	236,705	0.74 %
03996 CARES Act - GEER	0	0	0	0	0	0.00 %
Federal Special Total	\$31,774,425	\$0	\$0	\$0	\$31,774,425	54.14 %
06051 Montana Career Info System	0	0	17,331	0	17,331	100.00 %
Proprietary Total	\$0	\$0	\$17,331	\$0	\$17,331	0.03 %
Total All Funds	\$58,676,167	\$0	\$17,331	\$0	\$58,693,498	

HB 2 Authority**General Fund**

During the 2021 Legislative Session, HB 629 was passed creating an income tax credit to incentivize Montana job growth. The entire general fund appropriation in the Workforce Services Division supports the administration of this program.

State Special Revenue

State special revenue makes up 44.9% of the Workforce Services Division total appropriation authority for the 2025 biennium. The majority of state special revenue comes from the Employment Security Account which is generated from an administrative assessment against the payrolls of Montana Employers. Statute enumerates the use of the fund, including the operating expenses of the job services offices. The remaining state special revenue comes from the Montana Health and Economic Livelihood Partnership (HELP) Act account. Through collaboration with the Department of Public Health and Human Services, the Department of Labor and Industry is responsible for assisting qualifying Medicare and Medicaid participants with workforce resources and opportunities.

Federal Special Revenue

Federal special revenue accounts for 54.1% of the division's total appropriation authority. The majority of federal funds come from the Wagner-Peyser Act and the Workforce Innovation and Opportunity Act (WIOA) employment training grants. The Wagner-Peyser Act was established in 1933 to provide a one-stop-shop for employment services by providing a national employment system with the cooperation of state governments. The WIOA provides funding for administration of employment services to adults, youth, and dislocated workers.

Non-Budgeted Proprietary Funding

Proprietary funding is received from the Montana Career Information System. This fund will be discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	271,895	271,895	543,790	100.00 %	31,199,359	31,199,359	62,398,718	106.34 %
SWPL Adjustments	0	0	0	0.00 %	758,058	906,644	1,664,702	2.84 %
PL Adjustments	0	0	0	0.00 %	(270,078)	(270,151)	(540,229)	(0.92)%
New Proposals	0	0	0	0.00 %	(2,420,553)	(2,426,471)	(4,847,024)	(8.26)%
Total Budget	\$271,895	\$271,895	\$543,790		\$29,266,786	\$29,409,381	\$58,676,167	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----				-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(45,003)	277,581	232,578	0.00	0	11,975	333,294	345,269
DP 2 - Fixed Costs	0.00	0	182,439	202,456	384,895	0.00	0	183,701	203,140	386,841
DP 3 - Inflation Deflation	0.00	0	140,585	0	140,585	0.00	0	174,534	0	174,534
DP 101 - HELP Link Funding Reduction	(2.00)	0	(270,078)	0	(270,078)	(2.00)	0	(270,151)	0	(270,151)
Grand Total All Present Law Adjustments	(2.00)	\$0	\$7,943	\$480,037	\$487,980	(2.00)	\$0	\$100,059	\$536,434	\$636,493

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 101 - HELP Link Funding Reduction -

The executive requests a reduction in state special revenue authority for the 2025 biennium. In the 2021 Legislative Session, HB 614 directed that only private entities could provide workforce development services under the HELP Link program. The Montana Department of Labor & Industry (DOLI) will continue to administer the program and operate the Employer Grant component of the HELP Link program. The original funding provided to DOLI included Employment Specialists in the Job Service Offices to provide services to individuals who needed assistance in getting back to work. As the legislation passed in 2021 does not allow the Job Service Offices to provide the workforce development services, the full amount of funding originally received will not be required. The total savings over the 2025 biennium is expected to be approximately \$540,000 with a reduction of 2.00 FTE in each fiscal year of the biennium.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	12,764	0	12,764	0.00	0	12,764	0	12,764
DP 102 - FTE Reduction	(40.00)	0	(664,325)	(1,550,093)	(2,214,418)	(40.00)	0	(666,320)	(1,554,748)	(2,221,068)
DP 301 - Cost Allocation Plan Adjustment	0.00	0	57,931	56,427	114,358	0.00	0	58,302	56,788	115,090
DP 602 - TSD Technology Services Reduction	0.00	0	(158,201)	(175,056)	(333,257)	0.00	0	(158,201)	(175,056)	(333,257)
Total	(40.00)	\$0	(\$751,831)	(\$1,668,722)	(\$2,420,553)	(40.00)	\$0	(\$753,455)	(\$1,673,016)	(\$2,426,471)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$8,704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 102 - FTE Reduction -

The executive requests a 40.00 FTE reduction in the Workforce Services Division. The agency has gone through an extensive organizational review including staffing analysis and efficiency review. The result of this analysis concludes these FTE are no longer needed.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office,

human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.

Other Issues -

Proprietary Rates

Montana Career Information System – Fund 06051

Proprietary Program Description

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. The MCIS is the only career information delivery system in the country that has specific Montana labor market information included in each file.

MCIS is funded primarily by the Employment Standards Administration (ESA), with federal Workforce Information Grants (WIG) from the Employment and Training Administration to support the update of data and job projections. In addition to data and system support, the MCIS unit also offers training and outreach direct to schools and through partnerships with nonprofit organizations to support a wide variety of users:

- Job service offices
- Vocational rehabilitation offices
- Middle schools
- High schools
- Community colleges
- Universities
- Tribal colleges
- Educational and training agencies
- Home use
- Adult education programs

There are currently optional components of MCIS not funded by ESA or WIG funds, such as the Interest Determination, Exploration and Assessment System (IDEAS) (an interest inventory) and Peterson Practice Tests that requires the program to collect fees associated with each optional component.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06051	Montana Career Info System	66020	Department of Labor & Industry	Workforce Services Division		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
	MCIS License Revenue		750	8,161	8,594	8,737
Total Operating Revenues			750	8,161	8,594	8,737
Expenses						
	Personal Services		-	-	-	-
	Operating Expense		375	8,161	8,594	8,737
Total Operating Expense			375	8,161	8,594	8,737
Operating Income (Loss)			375	-	-	-
Change in Net Position			375	-	-	-
Beginning Net Position - July 1			792	1,167	1,167	1,167
	Prior Period Adjustments					
	Change in Net Position		375	-	-	-
Ending Net Position - June 30			1,167	1,167	1,167	1,167

Expenses

The expenses for MCIS are limited to the operational expenses of the optional features. These are typically site-specific licensing fees.

Revenues

Revenue is generated through fees for purchase of a one-year optional component license. Fees are collected from the sites purchasing the license or assessment. Collected fees are used to pay the service provider on a one-to-one ratio.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fees*:				
IDEAS Assessment @ \$125/test	250.00	375.00	375.00	375.00
Peterson's Academic Practice Tests - Pkg 1 @\$250/test	500.00	1,250.00	1,250.00	1,250.00
Peterson's Academic Practice Tests - Pkg 2 @\$200/test				
Peterson's Civil Service Practice Tests @ \$200/test				
Total	\$750.00	\$1,625.00	\$1,625.00	\$1,625.00
* Fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio				

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	21,073,976	21,852,457	778,481	3.69 %
Operating Expenses	16,037,497	15,547,741	(489,756)	(3.05)%
Debt Service	73,010	73,010	0	0.00 %
Total Expenditures	\$37,184,483	\$37,473,208	\$288,725	0.78 %
State/Other Special Rev. Funds	14,235,641	13,650,358	(585,283)	(4.11)%
Federal Spec. Rev. Funds	22,948,842	23,822,850	874,008	3.81 %
Total Funds	\$37,184,483	\$37,473,208	\$288,725	0.78 %
Total Ongoing	\$37,184,483	\$37,473,208	\$288,725	0.78 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

Montana’s Unemployment Insurance Division (UID) administers the state’s unemployment insurance (UI) program, which provides temporary, partial wage replacement benefits for unemployed workers. The UID operates through three bureaus:

- The Claims Processing Bureau conducts the intake, adjudication, and payment of UI benefit claims. The Bureau assists unemployed Montanans with claims filings and appeals and operates claims processing centers in Helena and Billings
- The Contributions Bureau facilitates the payment of employer UI payroll taxes, collects taxes and wage reports, and conducts employer audits to ensure compliance
- The Program Support Bureau is responsible for reporting, compliance, program integrity and operational support, including support for the Unemployment Insurance Appeals Board. The Division also houses a fraud prevention team that seeks to identify and prevent fraudulent UI claims, and reclaim funds paid on fraudulent claims

Program Highlights

Unemployment Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> • The Unemployment Insurance Division’s 2025 biennium requested appropriations are approximately \$289,000 or 0.8% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Statewide present law adjustment increases for personal services, fixed costs, and inflation/deflation ◦ State and federal special revenue increases due to increased rates for centralized services ◦ Decreases in state and federal special revenue related to IT costs transferred to the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	149.11	149.11	149.11	149.11
Personal Services	9,913,053	10,594,823	10,479,153	10,892,741	10,959,716
Operating Expenses	6,777,044	8,886,721	7,150,776	7,759,273	7,788,468
Debt Service	17,381	36,505	36,505	36,505	36,505
Total Expenditures	\$16,707,478	\$19,518,049	\$17,666,434	\$18,688,519	\$18,784,689
State/Other Special Rev. Funds	8,083,357	8,175,162	6,060,479	6,669,335	6,981,023
Federal Spec. Rev. Funds	8,624,121	11,342,887	11,605,955	12,019,184	11,803,666
Total Funds	\$16,707,478	\$19,518,049	\$17,666,434	\$18,688,519	\$18,784,689
Total Ongoing	\$16,707,478	\$19,518,049	\$17,666,434	\$18,688,519	\$18,784,689
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Unemployment Insurance Division expended 85.6% of their \$19.5 million HB 2 modified budget in FY 2022. Personal services were 93.6% expended, operating expenses were 76.3% expended, and debt services were 47.6% expended. Lower expenditures are primarily due to the division utilizing pandemic funding instead of HB 2 funding to administer the unemployment insurance program. Additionally, the Unemployment Insurance Division has also experienced a decrease in federal funding received in recent years.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Unemployment Insurance Division's FY 2023 appropriation authority is approximately \$1.9 million or 9.5% lower than the FY 2022 appropriation authority. This decrease is primarily driven by lower operating expenses. During FY 2022, the Unemployment Insurance Division began the UI information technology (IT) system rebuild. To complete this project, the division required a program transfer which increased FY 2022 appropriations.

Executive Request

The Unemployment Insurance Division's executive request is an increase of approximately \$1.0 million in FY 2024 and \$1.1 million in FY 2025 above the FY 2023 base appropriations. This increase is primarily driven by state special revenue and federal special revenue increases for statewide present law adjustments for personal services, fixed costs, and inflation.

The executive request also includes new proposals for increased costs related to the Chief Data Office in the Department of Administration and for centralized services. Additionally, the executive is requesting a decrease in information technology (IT) costs. During the 2023 biennium, DOLI transferred their IT Help Desk services to the Department of Administration. However, funding for these services remain in the FY 2023 base budget.

Program Personal Services Narrative

The Unemployment Insurance Division has 149.11 permanent HB 2 FTE. As of August 1, 2022, the division had 11.61 or 7.8% FTE vacant. During FY 2022, the agency had 10 employees leave state employment, 6 retire, and 8 transfer to a new agency. The majority of these vacancies were for claims examiners.

Personal services were \$10.5 million or 59.3% of the total FY 2023 appropriations. The executive proposes a present law

adjustment increase of approximately \$414,000 in FY 2024 and \$481,000 in FY 2025. This increase is primarily driven by both legislative and management decisions. During FY 2022, management issued promotion, performance, and retention adjustments that increased employees pay. Additionally, the program did reclassify certain positions with higher pay rates. Legislatively, these increases in salaries led to an increase in total benefit and longevity compensation for FY 2023.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 02-Unemployment Insurance Div Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02258 Employment Security Account	12,916,592	0	0	0	12,916,592	94.62 %	
02315 DLI Info Exchange/Rental	49,438	0	0	0	49,438	0.36 %	
02067 Montana HELP Act	684,328	0	0	0	684,328	5.01 %	
State Special Total	\$13,650,358	\$0	\$0	\$0	\$13,650,358	4.75 %	
03278 UI Penalty & Interest	1,686,188	0	0	0	1,686,188	7.08 %	
03954 UI Administrative Grants	22,136,662	0	0	0	22,136,662	92.92 %	
03983 COVID-19 Admin Grant	0	0	0	0	0	0.00 %	
03984 COVID-19 PEUC	0	0	0	0	0	0.00 %	
03986 COVID-19 FPUC	0	0	0	0	0	0.00 %	
03987 COVID-19 PUA	0	0	0	0	0	0.00 %	
03988 COVID-19 Reimbursement	0	0	0	0	0	0.00 %	
03616 UI ARPA HB 632	0	0	0	0	0	0.00 %	
03992 LWA/IPA - State	0	0	0	0	0	0.00 %	
03993 COVID-19 CARES Fraud	0	0	0	0	0	0.00 %	
03997 COVID-19 MEUC	0	0	0	0	0	0.00 %	
03908 DUA Benefits	0	0	0	0	0	0.00 %	
03909 DUA Admin	0	0	0	0	0	0.00 %	
Federal Special Total	\$23,822,850	\$0	\$0	\$0	\$23,822,850	8.29 %	
06069 UI Tax Benefit Fund	0	0	250,000,000	0	250,000,000	100.00 %	
Proprietary Total	\$0	\$0	\$250,000,000	\$0	\$250,000,000	86.96 %	
Total All Funds	\$37,473,208	\$0	\$250,000,000	\$0	\$287,473,208		

HB 2 Authority

State Special Revenue

State special revenue is primarily derived from the employment security account through an assessment charged to employers as a percentage of their payroll. The division may use these funds for payments of unemployment insurance benefits and administration of the UI program.

Federal Special Revenue

The majority of HB 2 funding comes from federal special revenue. Unemployment insurance administrative grants are federal funds that Montana receives for the administration of the Unemployment Insurance Division. Montana businesses pay a federal unemployment tax that is partially used to fund these grants.

Non-Budgeted Proprietary Funding

State unemployment taxes (SUTA) are paid into a proprietary account to fund unemployment benefits for claimants. The tax amount depends on the ratio of the unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 10 contribution rates in each schedule to assess SUTA. These funds will be discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	17,666,434	17,666,434	35,332,868	94.29 %
SWPL Adjustments	0	0	0	0.00 %	1,136,283	1,232,018	2,368,301	6.32 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(114,198)	(113,763)	(227,961)	(0.61)%
Total Budget	\$0	\$0	\$0		\$18,688,519	\$18,784,689	\$37,473,208	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	134,660	278,928	413,588	0.00	0	156,092	324,471	480,563
DP 2 - Fixed Costs	0.00	0	367,475	199,388	566,863	0.00	0	637,445	(77,932)	559,513
DP 3 - Inflation Deflation	0.00	0	86,234	69,598	155,832	0.00	0	106,381	85,561	191,942
Grand Total All Present Law Adjustments	0.00	\$0	\$588,369	\$547,914	\$1,136,283	0.00	\$0	\$899,918	\$332,100	\$1,232,018

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation

factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	7,880	0	7,880	0.00	0	7,880	0	7,880
DP 301 - Cost Allocation Plan Adjustment	0.00	0	22,657	48,146	70,803	0.00	0	22,796	48,442	71,238
DP 602 - TSD Technology Services Reduction	0.00	0	(10,050)	(182,831)	(192,881)	0.00	0	(10,050)	(182,831)	(192,881)
Total	0.00	\$0	\$20,487	(\$134,685)	(\$114,198)	0.00	\$0	\$20,626	(\$134,389)	(\$113,763)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$5,374 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry’s Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI’s Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers’ compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry’s Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.

Other Issues -

Proprietary Rates

Unemployment Insurance (UI) Tax Benefit Fund – Fund 06069

Proprietary Program Description

The Department of Labor and Industry collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their unemployment insurance. The department expends the funds by paying unemployment insurance benefit claims.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
6069	UI Tax Benefit Fund	66020	Dept of Labor & Industry	Unemployment Insurance		
			Actuals FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Operating Revenues						
Fees and Charges						
	Investment Earnings		6,725,221	8,086,191	9,927,587	11,618,730
	Contributions/Premiums		139,250,361	145,000,000	155,000,000	164,000,000
	Other Operating Revenues		52,317,030	7,199,636	7,337,537	7,453,013
Total Operating Revenues			198,292,612	160,285,827	172,265,124	183,071,743
Expenses						
	Personal Services		-	-	-	-
	Operating Expense		(8,382,912)	8,500,000	8,500,000	8,500,000
	Benefits and Claims		60,731,989	90,000,000	95,000,000	100,000,000
Total Operating Expense			52,349,077	98,500,000	103,500,000	108,500,000
Operating Income (Loss)			145,943,535	61,785,827	68,765,124	74,571,743
Income (Loss) Before Contributions and Transfers			145,943,535	61,785,827	68,765,124	74,571,743
	Capital Contributions					
	Transfers In		9,091,296			
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			155,034,831	61,785,827	68,765,124	74,571,743
Beginning Net Position - July 1			364,934,412	516,623,374	578,409,201	647,174,325
	Prior Period Adjustments		(3,345,869)			
Change in Net Position			155,034,831	61,785,827	68,765,124	74,571,743
Ending Net Position - June 30			516,623,374	578,409,201	647,174,325	721,746,068

Expenses

Significant costs for the program consist of unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of their benefit check.

Revenues

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the unemployment insurance trust fund.

Proprietary Rates

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but rather a collection of contributions from employers that are used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed. The rate calculation is set in statute under 39-51-1217, MCA.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,942,882	1,813,371	(129,511)	(6.67)%
Operating Expenses	1,190,193	1,306,407	116,214	9.76 %
Transfers	20,000	40,000	20,000	100.00 %
Debt Service	6,218	6,718	500	8.04 %
Total Expenditures	\$3,159,293	\$3,166,496	\$7,203	0.23 %
General Fund	571,022	641,545	70,523	12.35 %
State/Other Special Rev. Funds	1,316,210	1,375,507	59,297	4.51 %
Federal Spec. Rev. Funds	1,272,061	1,149,444	(122,617)	(9.64)%
Total Funds	\$3,159,293	\$3,166,496	\$7,203	0.23 %
Total Ongoing	\$3,159,293	\$3,166,496	\$7,203	0.23 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Commissioner's Office and the Centralized Services Division (CSD) provide program direction, legal, administration, and support services to the department's programs and administratively attached entities. Additionally, the Office of Administrative Hearings provides administrative hearings and dispute resolution services.

Program Highlights

Commissioner's Office/Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Commissioner's Office/CSD's 2025 biennium requested appropriations are approximately \$7,000 or 0.2% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Statewide present law decreases for personal services and increases for fixed costs and inflation/deflation ◦ Increases in general fund, state special, and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	10.00	10.00	10.00	10.00
Personal Services	851,499	969,628	973,254	904,137	909,234
Operating Expenses	550,282	582,201	607,992	639,916	666,491
Transfers	0	0	20,000	20,000	20,000
Debt Service	1,653	2,859	3,359	3,359	3,359
Total Expenditures	\$1,403,434	\$1,554,688	\$1,604,605	\$1,567,412	\$1,599,084
General Fund	241,568	244,364	326,658	317,459	324,086
State/Other Special Rev. Funds	556,528	612,903	703,307	685,196	690,311
Federal Spec. Rev. Funds	605,338	697,421	574,640	564,757	584,687
Total Funds	\$1,403,434	\$1,554,688	\$1,604,605	\$1,567,412	\$1,599,084
Total Ongoing	\$1,403,434	\$1,554,688	\$1,604,605	\$1,567,412	\$1,599,084
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The CSD expended 90.3% of their \$1.6 million HB 2 modified budget in FY 2022. Personal services were 87.8% expended and operating expenses were 94.5% expended. Lower personal service expenditures were due to vacant positions within the division. However, this is within the normal expenditure range for the division.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The CSD’s FY 2023 appropriation authority is approximately \$50,000 or 3.2% higher than the FY 2022 appropriation authority. In FY 2022, the Commissioner’s Office/CSD transferred authority to the Unemployment Insurance Division for the UI information technology (IT) system rebuild. This transfer decreased the CSD’s total appropriation authority in personal services and operating expenses for FY 2022.

Executive Request

The executive is requesting a decrease of approximately \$37,000 in FY 2024 and \$6,000 in FY 2025 below the FY 2023 base appropriations. This decrease is primarily driven by a general fund, state special, and federal special revenue decrease for statewide present law adjustments for personal services. Additional decreases are for a reduction in IT services that were transferred to the Department of Administration in the 2023 biennium.

These decreases are partially offset by increases for statewide present law adjustments to fixed costs and inflation/deflation. The executive proposal also includes increases for new fixed costs related to the Chief Data Office in the Department of Administration and for increased centralized services costs.

Program Personal Services Narrative

The CSD has 10.00 permanent HB 2 FTE. As of August 1, 2022, the division had 1.00 FTE vacant. During FY 2022, the agency had two employees leave state employment.

Personal services were \$973,000 or 60.7% of the total FY 2023 appropriations. The executive proposes a present law adjustment decrease of approximately \$69,000 in FY 2024 and \$64,000 in FY 2025. This decrease is due to the division transferring 0.50 FTE to the Unemployment Insurance Division, vacancy savings, and adjustments made between the biennia.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 03-Commissioners Office & C S D Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	641,545	0	0	0	641,545	3.21 %	
02233 BSD Hearings	143,328	0	0	0	143,328	10.42 %	
02258 Employment Security Account	1,212,255	0	0	0	1,212,255	88.13 %	
02315 DLI Info Exchange/Rental	2,142	0	0	0	2,142	0.16 %	
02941 Uninsured Employer Fund	17,782	0	0	0	17,782	1.29 %	
03954 UI Administrative Grants	0	0	0	0	0	0.00 %	
State Special Total	\$1,375,507	\$0	\$0	\$0	\$1,375,507	6.88 %	
03122 EEOC	68,780	0	0	0	68,780	5.98 %	
03278 UI Penalty & Interest	0	0	0	0	0	0.00 %	
03954 UI Administrative Grants	1,080,664	0	0	0	1,080,664	94.02 %	
Federal Special Total	\$1,149,444	\$0	\$0	\$0	\$1,149,444	5.75 %	
06546 Commissioner's Office/CSD	0	0	10,272,690	0	10,272,690	61.09 %	
06552 Admin Services	0	0	6,542,630	0	6,542,630	38.91 %	
Proprietary Total	\$0	\$0	\$16,815,320	\$0	\$16,815,320	84.15 %	
Total All Funds	\$3,166,496	\$0	\$16,815,320	\$0	\$19,981,816		

HB 2 Authority

General Fund

General fund authority accounts for 20.3% of the divisions HB 2 authority. General fund authority is for the Office of Administrative Hearing’s program for Human Rights cases.

State Special Revenue

State special revenue accounts for 43.4% of the divisions HB 2 authority in the 2025 biennium. The majority of state special revenue funding comes from the employment security account through an assessment charged to employers as a percentage of their payroll. The Business Standards Division (BSD) Hearing’s fund makes up the majority of the remaining state special revenue authority. This fund is used by the Office of Administrative Hearings when hearing cases are from the Employment Standards Division (formerly Business Standards Division).

Federal Special Revenue

Federal funds make up 36.3% of the divisions HB 2 authority. The majority of federal funding comes from UI administrative grants with the remainder coming from the Equal Employment Opportunity Commission (EEOC).

Non-Budgeted Proprietary Funding

The Commissioner’s Office and Centralized Services Division have two different proprietary funding sources for the operations of the various functions within the office. A discussion of the proposed uses and funding for each of the functions is included in the Proprietary Rates section of the narrative. These funds are considered and approved as rates charged to other divisions within the agency.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	326,658	326,658	653,316	101.83 %	1,604,605	1,604,605	3,209,210	101.35 %
SWPL Adjustments	(9,058)	(2,441)	(11,499)	(1.79)%	(32,583)	(945)	(33,528)	(1.06)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(141)	(131)	(272)	(0.04)%	(4,610)	(4,576)	(9,186)	(0.29)%
Total Budget	\$317,459	\$324,086	\$641,545		\$1,567,412	\$1,599,084	\$3,166,496	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(15,130)	(33,102)	(20,885)	(69,117)	0.00	(13,471)	(31,954)	(18,595)	(64,020)
DP 2 - Fixed Costs	0.00	5,700	2,741	16,378	24,819	0.00	10,542	5,940	34,004	50,486
DP 3 - Inflation Deflation	0.00	372	11,343	0	11,715	0.00	488	12,101	0	12,589
Grand Total All Present Law Adjustments	0.00	(\$9,058)	(\$19,018)	(\$4,507)	(\$32,583)	0.00	(\$2,441)	(\$13,913)	\$15,409	(\$945)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	528	0	528	0.00	0	528	0	528
DP 301 - Cost Allocation Plan Adjustment	0.00	1,830	1,521	2,526	5,877	0.00	1,840	1,531	2,540	5,911
DP 602 - TSD Technology Services Reduction	0.00	(1,971)	(1,142)	(7,902)	(11,015)	0.00	(1,971)	(1,142)	(7,902)	(11,015)
Total	0.00	(\$141)	\$907	(\$5,376)	(\$4,610)	0.00	(\$131)	\$917	(\$5,362)	(\$4,576)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$361 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry’s Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI’s Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers’ compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry’s Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.

Other Issues -

Proprietary Rates

The Commissioner’s Office and Centralized Services Division provides two functions funded with non-budgeted proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program.

Commissioner’s Office/CSD – Fund 06546

Proprietary Program Description

Supportive services provided by the Commissioner’s Office and the Centralized Services Division (CSD) are funded through an indirect cost rate whereby the department programs are assessed a fee equal to a percentage of their personal service costs.

- Charges for legal services that benefit the entire department
- Charges for IT applications that benefit the entire department

Revenues

The Commissioner’s Office and Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. Revenue for this fund is collected via an indirect cost rate that is charged against department personal services expenses. The services provided in exchange for this fee include:

- Human resources
- Accounting
- Budgeting
- Payroll processing
- Mail processing
- Other department-wide management and administration

All programs that utilize these services have a present law adjustment in the proposed budget to account for the proposed adjustment in the rate. If the rate approved by the legislature differs from the rate proposed, program budgets will need to be adjusted accordingly to maintain alignment with decisions made for this program.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual	Estimated	Proposed	Proposed
	FY 22	FY 23	FY 24	FY 25
Fee Description:	7.90%	8.85%	9.50%	9.50%

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The executive requests a rate of 9.5% for FY 2024 and FY 2025. The cost allocation plan (CAP) must be approved by the U.S. Department of Labor. The rate, which is assessed to personal services expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures.

Administrative Services – Fund 06552

Proprietary Program Description

The Office of Legal Services provides legal assistance to the department’s five programs and two administratively attached entities, whereby an hourly rate for attorney fees is established.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06552	Office of Legal Services	66020	Department of Labor & Industry	Centralized Services

	Actuals FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Operating Revenues				
Fee Revenue	2,812,236	2,955,472	3,341,465	3,341,465
Total Operating Revenues	2,812,236	2,955,472	3,341,465	3,341,465
Expenses				
Personal Services	2,279,936	2,477,727	2,560,703	2,575,629
Other Operating Expense	474,670	484,315	695,736	690,000
Total Operating Expense	2,754,606	2,962,042	3,256,439	3,265,629
Operating Income (Loss)	57,630	(6,570)	85,026	75,836
Income (Loss) Before Contributions and Transfers	57,630	(6,570)	85,026	75,836
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments		(10,281)	(10,281)	(10,281)
Change in Net Position	57,630	(16,851)	74,745	65,555
Beginning Net Position - July 1	130,523	185,233	168,382	243,127
Prior Period Adjustments	(2,920)			
Change in Net Position	57,630	(16,851)	74,745	65,555
Ending Net Position - June 30	185,233	168,382	243,127	308,682

Expenses

Major expenses for this program are comprised of salaries and overhead costs of agency legal staff. Significant costs for the program are for:

- Personal services cost for 20.75 FTE, including \$2.5 million or 83.6% of the total costs for FY 2023
- Other operating costs

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by Department of Labor and Industry divisions. The rate is a direct hourly rate, charged to each division based on number of hours of legal service they receive. The rate per hour is calculated on actual costs of services divided by actual direct hours of service provided in FY 2022.

If the rate approved by the legislature differs from the rate proposed, program budgets will need to be adjusted accordingly to maintain alignment with decisions made for this program.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description: All	102	102		
Lawyers			132	132
Paralegals & Other			97	97

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	41,461,069	43,052,809	1,591,740	3.84 %
Operating Expenses	25,316,350	28,601,552	3,285,202	12.98 %
Equipment & Intangible Assets	1,236,152	3,241,882	2,005,730	162.26 %
Grants	10,000	10,000	0	0.00 %
Benefits & Claims	130,778	200,778	70,000	53.53 %
Transfers	99,103	91,138	(7,965)	(8.04)%
Debt Service	882,002	148,017	(733,985)	(83.22)%
Total Expenditures	\$69,135,454	\$75,346,176	\$6,210,722	8.98 %
General Fund	3,455,911	3,492,391	36,480	1.06 %
State/Other Special Rev. Funds	63,217,702	69,322,765	6,105,063	9.66 %
Federal Spec. Rev. Funds	2,461,841	2,531,020	69,179	2.81 %
Total Funds	\$69,135,454	\$75,346,176	\$6,210,722	8.98 %
Total Ongoing	\$69,135,454	\$73,046,176	\$3,910,722	5.66 %
Total OTO	\$0	\$2,300,000	\$2,300,000	100.00 %

Program Description

The Department’s Employment Standards Division (ESD) is responsible for a wide range of services that seek to protect Montana workers and consumers. The division was formed in 2022, following the merger of the Employment Relations and Business Standards Divisions, implemented to identify and utilize operational efficiencies and better-coordinate areas of overlapping responsibility. The division operates through the following bureaus:

- Professional Licensing Bureau provides operational and administrative support for Montana’s professional licensing boards and programs and operates the state’s Prescription Drug Registry
- Building and Commercial Measurements Bureau sets and enforces minimum standards for building, electrical, plumbing, elevator, and similar codes, and licenses, tests and certifies all weighting and measurement devices used in commercial transactions
- The Human Rights Bureau enforces the Montana Human Rights Act and investigates claims of violations. The Safety and Health Bureau administers federal and state industrial safety laws for the public sector while providing no-cost consultation services for all employers
- Workers’ Compensation section assists claimants, employers, and insurers in navigating the state’s Workers’ Compensation system
- Compliance and Investigations Bureau enforces wage and hour, prevailing wage, independent contractor, and workers’ compensation laws
- Operations Bureau provides administrative support to the division while operating its independent contractor registration and data management programs

Program Highlights

Employment Standards Division Major Budget Highlights
<ul style="list-style-type: none"> • The Employment Standards Division’s 2025 biennium requested appropriations are approximately \$6.2 million or 9.0% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ A one-time-only state special revenue increase of \$2.3 million in the Weights and Measures Program for new vehicles and equipment ◦ An increase in state special revenue and 1.51 FTE for the Board of Public Accountants due to a statutory sunset ◦ Increases in general fund, state special, and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	253.87	253.87	255.38	255.87
Personal Services	19,419,840	20,456,435	21,004,634	21,433,865	21,618,944
Operating Expenses	10,935,874	11,964,614	13,351,736	14,251,349	14,350,203
Equipment & Intangible Assets	753,395	765,211	470,941	2,770,941	470,941
Grants	0	5,000	5,000	5,000	5,000
Benefits & Claims	18,550	30,389	100,389	100,389	100,389
Transfers	43,945	54,234	44,869	45,469	45,669
Debt Service	580,026	809,216	72,786	73,834	74,183
Total Expenditures	\$31,751,630	\$34,085,099	\$35,050,355	\$38,680,847	\$36,665,329
General Fund	1,652,510	1,744,333	1,711,578	1,739,970	1,752,421
State/Other Special Rev. Funds	29,275,655	31,115,937	32,101,765	35,679,245	33,643,520
Federal Spec. Rev. Funds	823,465	1,224,829	1,237,012	1,261,632	1,269,388
Total Funds	\$31,751,630	\$34,085,099	\$35,050,355	\$38,680,847	\$36,665,329
Total Ongoing	\$31,751,630	\$34,085,099	\$35,050,355	\$36,380,847	\$36,665,329
Total OTO	\$0	\$0	\$0	\$2,300,000	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Employment Standards Division expended 93.2% of their \$34.1 million HB 2 modified budget in FY 2022. Personal services were 94.9% expended and operating expenses were 91.4% expended. Lower personal service expenditures were due to vacant positions within the division. Lower expenditures for operating expenses were due to less travel expenses and fewer in-person board meetings. Additionally, the implementation of the new IT system has created operating efficiencies that reduced costs.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Employment Standards Division's FY 2023 appropriation authority is approximately \$965,000 or 2.8% higher than the FY 2022 appropriation authority. This increase is primarily in operating expenses. In FY 2022, the Employment Standards Division transferred authority to the Unemployment Insurance Division for the UI IT system rebuild. Additionally, funding was transferred between operating expenses to debt services to properly record building rent expenditures.

Executive Request

The Employment Standards Division's executive request is an increase of approximately \$3.6 million in FY 2024 and \$1.6 million in FY 2025 above the FY 2023 base appropriations. In FY 2024, this increase is primarily due to a one-time-only state special revenue request of \$2.3 million to purchase new vehicles and equipment in the Weights and Measures Program. Other increases are primarily attributed to present law adjustments for personal services, fixed costs, and inflation/deflation. Additionally, the Board of Public Accountants is set to sunset in FY 2024, at which time the executive proposes funding and 1.51 FTE to revert to HB 2 state special revenue funding. Other increases are for new fixed costs related to the Chief Data Office in the Department of Administration and increased centralized services costs. The only proposed decreased is related to IT costs that have been transferred to the Department of Administration.

Program Personal Services Narrative

The Employment Standards Division has 253.87 permanent HB 2 FTE. As of August 1, 2022, the division had 24.50 FTE vacant. During FY 2022, the agency had 22 employees leave state employment, 11 retire, and 6 transfer to a new agency.

Personal services were \$21.0 million or 59.9% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$321,000 in FY 2024 and \$443,000 in FY 2025. This increase is partially attributed to management issued pay increases for retention, promotion, and career ladder adjustments. Other increases are due to legislatively approved changes including benefits and the pay plan.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 05-Employment Standards Division							
Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,492,391	0	0	0	3,492,391	4.37 %	
02024 Blasters Program	29,461	0	0	0	29,461	0.04 %	
02078 Occupational Therapists	176,630	0	0	0	176,630	0.25 %	
02079 Fire Protection & Permitting	103,925	0	0	0	103,925	0.15 %	
02080 Prescription Drug Registry	635,246	0	0	0	635,246	0.90 %	
02082 Real Estate Recovery Account	0	0	0	0	0	0.00 %	
02103 Capital Assets	0	0	0	0	0	0.00 %	
02109 Board Of Outfitters	953,469	0	0	0	953,469	1.35 %	
02155 Boilers Program	1,563,706	0	0	0	1,563,706	2.21 %	
02207 Cranes Program	383,510	0	0	0	383,510	0.54 %	
02258 Employment Security Account	4,009,838	0	0	0	4,009,838	5.67 %	
02263 Subsequent Injury Admin	139,019	0	0	0	139,019	0.20 %	
02315 DLI Info Exchange/Rental	12,178	0	0	0	12,178	0.02 %	
02346 Contractor Registration	3,955,985	0	0	0	3,955,985	5.59 %	
02446 Board Of Psychologist Exam	267,926	0	0	0	267,926	0.38 %	
02448 Building Codes State Spec Rev	10,549,959	0	0	0	10,549,959	14.92 %	
02455 Workers' Comp Regulation	10,554,641	0	0	0	10,554,641	14.92 %	
02580 Board of Athletic Trainers	62,530	0	0	0	62,530	0.09 %	
02679 Massage Therapists	395,298	0	0	0	395,298	0.56 %	
02764 Private Alt. Adol Programs	0	0	0	0	0	0.00 %	
02767 Elevator Licensing Program	1,405,404	0	0	0	1,405,404	1.99 %	
02805 Weights & Measures Bureau	3,922,923	2,300,000	0	0	6,222,923	8.80 %	
02809 Board Of Speech Pathologists	214,446	0	0	0	214,446	0.30 %	
02810 Bd Of Radiologic Technologists	242,033	0	0	0	242,033	0.34 %	
02811 Clinical Lab Science Pract.	200,198	0	0	0	200,198	0.28 %	
02812 Physical Therapists	278,932	0	0	0	278,932	0.39 %	
02813 Bd Of Nursing Home Admin	151,536	0	0	0	151,536	0.21 %	
02814 Bd Of Hearing Aid Dispensers	130,629	0	0	0	130,629	0.18 %	
02815 Board Of Public Accountants	665,775	0	0	0	665,775	0.94 %	
02816 Board Of Sanitarians	88,316	0	0	0	88,316	0.12 %	
02818 Electrical Board	860,561	0	0	0	860,561	1.22 %	
02819 Board of Realty Regulations	1,234,041	0	0	0	1,234,041	1.75 %	
02820 Architects/Landscape Architect	235,687	0	0	0	235,687	0.33 %	
02821 Board Of Funeral Service	272,598	0	0	0	272,598	0.39 %	
02822 Board Of Chiropractors	199,270	0	0	0	199,270	0.28 %	
02823 Professional Engineers	572,863	0	0	0	572,863	0.81 %	
02824 Board Of Medical Examiners	2,882,062	0	0	0	2,882,062	4.08 %	
02826 Cosmetology Board	1,852,349	0	0	0	1,852,349	2.62 %	
02828 Board Of Plumbers	690,440	0	0	0	690,440	0.98 %	
02829 Private Investigator	677,452	0	0	0	677,452	0.96 %	
02830 Board Of Dentistry	813,415	0	0	0	813,415	1.15 %	
02831 Board Of Optometrists	91,970	0	0	0	91,970	0.13 %	
02832 Board Of Pharmacy	2,552,224	0	0	0	2,552,224	3.61 %	
02833 Board Of Nursing	3,568,820	0	0	0	3,568,820	5.05 %	
02834 Board Of Veterinarians	359,423	0	0	0	359,423	0.51 %	
02840 Board Of Behavioral Health	1,383,727	0	0	0	1,383,727	1.96 %	
02852 Bd. Of Alternative Health Care	161,618	0	0	0	161,618	0.23 %	
02854 Bd. Of Real Estate Appraisers	529,033	0	0	200,000	729,033	1.03 %	
02855 Bd Of Respiratory Care	119,310	0	0	0	119,310	0.17 %	
02941 Uninsured Employer Fund	2,013,479	0	0	950,368	2,963,847	4.19 %	
02347 Safety Administration Fund	4,780,065	0	0	0	4,780,065	6.76 %	
02460 Underground Facility Protect	0	0	0	247,486	247,486	0.35 %	
02859 Genetic Counselors	78,845	0	0	0	78,845	0.11 %	
State Special Total	\$67,022,765	\$2,300,000	\$0	\$1,397,854	\$70,720,619	88.52 %	
03122 EEOC	588,594	0	0	0	588,594	23.26 %	
03130 Coal Mine Safety	301,655	0	0	0	301,655	11.92 %	
03131 OSHA Stat Prgm Fed.St Sdy	260,499	0	0	0	260,499	10.29 %	
03195 On-Site Consultation	1,119,176	0	0	0	1,119,176	44.22 %	
03293 Country of Origin Labeling	41,302	0	0	0	41,302	1.63 %	
03985 Data Management Unit Grant	219,794	0	0	0	219,794	8.68 %	
03907 BSD Appraisal Subcommittee	0	0	0	0	0	0.00 %	
Federal Special Total	\$2,531,020	\$0	\$0	\$0	\$2,531,020	3.17 %	
06040 Subsequent Injury-Trust Fund	0	0	3,056,752	0	3,056,752	97.06 %	
06086 Board of Public Accountants	0	0	0	92,647	92,647	2.94 %	
Proprietary Total	\$0	\$0	\$3,056,752	\$92,647	\$3,149,399	3.94 %	

Total All Funds	\$73,046,176	\$2,300,000	\$3,056,752	\$1,490,501	\$79,893,429
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*HB 2 Authority*General Fund

General fund accounts for 4.4% of the Employment Standards Division's total appropriation authority. General fund supports the personal services and general operating costs of the Human Rights Bureau and a small percentage of the overall administration of the Employment Standards Division.

State Special Revenue

State special revenue makes up 88.5% of the total appropriation authority for the 2025 biennium.

A state special revenue account is maintained for each type of license and professional board. Charges and fees paid by licensees are deposited to the accounts and administrative and operational expenses for the division are charged directly to these funds. One of the largest professional board funds is the building codes account, which accounts for 14.9% of state special revenue authority.

Worker compensation regulation funds make up 14.9% of state special revenue. These funds are generated by an annual administrative assessment of up to 4.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year.

Other state funding sources include the employment security fund which is generated through an assessment charged to employers as a percentage of their payroll. Contractor registration funds are generated from registration fees for independent contractor exemptions and construction contractor application fees. These funds support the Worker's Compensation Regulations Bureau and a portion of the division's administration. The uninsured employer fund is used to provide benefits to employees injured on the job while working for an employer that does not carry workers' compensation insurance as required by law. Lastly, the safety administration fund is generated primarily from an annual administrative assessment of up to 2.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year. Penalties assessed on inspection violations, recovery costs for onsite safety and industrial health consultation services to mine and any grants or funds from private entities or the federal government for use by the department in defraying occupational safety and health costs may also be deposited into this fund.

Federal Special Revenue

Federal special revenue makes up a small portion of the division's total appropriation authority for the 2025 biennium. The largest federal fund is the on-site consultation account, which provides funding for on-site safety and health checks of workplaces and job sites.

Non-Budgeted Proprietary Funding

The division oversees the subsequent injury fund, a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to employers who hire them. The fund rate is based on the total amount of paid losses reimbursed by the fund in the preceding calendar year.

The division also oversees the Board of Public Accountants enterprise fund. The Board receives licensing fees, money collected by the department on behalf of the board and interest or earnings on money deposited. This fund was originally a state special revenue account, but it was established as a proprietary fund by the 2015 Legislature. The current Montana Code Annotated (MCA) for the Board of Public Accountants will be sunseting on September 30, 2023, at which time this fund will revert to a state special revenue fund under HB 2.

Statutory Funding

The Employment Standards Division has three statutory funds.

- The uninsured employer fund is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receive full benefits. This fund receives revenues from the department's collection of penalties from uninsured employers as well as collecting reimbursement of paid benefits
- The Underground Facility Protection Program was created in 2017 when HB 365 became law. The statute requires the Department of Labor and Industry to have a program that monitors, maintains records, and issues civil penalties for incidents where underground facilities are damaged during excavations
- The Board of Real Estate Appraisers was established due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires every state to establish an agency for the licensure, certification, and regulation of real estate appraisers. The MCA for the Board of Real Estate Appraisers will sunset on June 30, 2023. The agency is proposing legislation to re-establish this statutory appropriation moving forward

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,711,578	1,711,578	3,423,156	98.02 %	35,050,355	35,050,355	70,100,710	93.04 %
SWPL Adjustments	37,331	49,735	87,066	2.49 %	1,207,995	1,381,795	2,589,790	3.44 %
PL Adjustments	0	0	0	0.00 %	2,577,942	387,833	2,965,775	3.94 %
New Proposals	(8,939)	(8,892)	(17,831)	(0.51)%	(155,445)	(154,654)	(310,099)	(0.41)%
Total Budget	\$1,739,970	\$1,752,421	\$3,492,391		\$38,680,847	\$36,665,329	\$75,346,176	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,577	299,530	8,409	310,516	0.00	13,030	406,529	12,505	432,064
DP 2 - Fixed Costs	0.00	27,719	605,991	7,868	641,578	0.00	27,923	607,717	8,322	643,962
DP 3 - Inflation Deflation	0.00	7,035	241,495	7,371	255,901	0.00	8,782	286,436	10,551	305,769
DP 501 - Board of Public Accountants	1.51	0	277,942	0	277,942	2.00	0	387,833	0	387,833
DP 504 - Weights & Measures Equipment Request OTO	0.00	0	2,300,000	0	2,300,000	0.00	0	0	0	0
Grand Total All Present Law Adjustments	1.51	\$37,331	\$3,724,958	\$23,648	\$3,785,937	2.00	\$49,735	\$1,688,515	\$31,378	\$1,769,628

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 501 - Board of Public Accountants -

The executive requests enterprise funding for the Board of Public Accountants to revert to state special revenue HB 2 authority due to the sunset of 37-50-209, MCA, on September 30, 2023. This request re-establishes the appropriation and 1.51 FTE in FY 2024 and 2.00 FTE in FY 2025 and state special revenue authority.

DP 504 - Weights & Measures Equipment Request OTO -

The executive requests a one-time-only (OTO) biennial authority to purchase new equipment and vehicles for field inspectors to carry out job duties in the Weights and Measures Program. Current equipment is outdated and poses a safety hazard for DOLI employees and the public. DOLI is requesting legislation to allow a one-time transfer of funds to pay for this equipment but will need an appropriation to spend those funds if the transfer is approved. This OTO appropriation request would be contingent on the passage of legislation LC 400. The total request in appropriation for this OTO biennial appropriation is \$2,300,000.

The specific equipment needed for this program includes (with estimated current pricing included):

- Three hybrid proving trucks - \$575,000
- Two 100-gallon propane proving trailers - \$150,000
- One airport proving trailer - \$100,000
- Four electric vehicle charge test meters - \$300,000
- One large capacity truck box - \$100,000
- Seven small capacity truck boxes - \$700,000
- Six weight carts - \$300,000
- 56,000 test weights - \$75,000

LFD COMMENT

Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of LC 400.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	849	12,653	0	13,502	0.00	849	12,653	0	13,502
DP 301 - Cost Allocation Plan Adjustment	0.00	9,332	125,066	4,668	139,066	0.00	9,379	125,784	4,694	139,857
DP 602 - TSD Technology Services Reduction	0.00	(19,120)	(285,197)	(3,696)	(308,013)	0.00	(19,120)	(285,197)	(3,696)	(308,013)
Total	0.00	(\$8,939)	(\$147,478)	\$972	(\$155,445)	0.00	(\$8,892)	(\$146,760)	\$998	(\$154,654)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$9,207 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.

Other Issues -

Proprietary Rates

Subsequent Injury Trust Fund – Fund 06040

Proprietary Program Description

The Subsequent Injury Fund (SIF) was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. In the event a SIF certified individual is injured on the job, their employer's workers' compensation carrier is only liable for the first 104 weeks of benefits paid. Any benefits paid after that point are reimbursed by the fund, thus minimizing the workers' compensation expenses for the employer's insurer. Beginning July 1, 1999, the fund is maintained by an annual assessment of all Montana employers, including self-insured employers, private insurers, and the State Fund.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds					
Fund	Fund Name	Agency #	Agency Name	Program Name	
06040	Subsequent Injury- Trust Fund	66020	Dept of Labor and Industry	Employment Standards Division	
		Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Operating Revenues					
Fees and Charges					
	Subsequent Injury Fund Assessment (and Surcharge)	1,834,402	1,503,328	1,503,328	1,503,328
	Other Operating Revenues				
	Investment Earnings	882	-	-	-
Total Operating Revenues		1,835,284	1,503,328	1,503,328	1,503,328
Expenses					
	Personal Services				
	Other Operating Expense				
	Benefits and Claims	858,653	1,503,328	1,503,328	1,503,328
	Securities Lending	72,410	(250,211)	(250,211)	(250,211)
Total Operating Expense		931,063	1,253,117	1,253,117	1,253,117
Operating Income (Loss)		904,221	250,211	250,211	250,211
Income (Loss) Before Contributions and Transfers		904,221	250,211	250,211	250,211
	Capital Contributions				
	Transfers In				
	Transfers Out	(30,022)	(25,048)	(25,048)	(25,048)
	Loans and Lease Payments				
Change in Net Position		874,199	225,163	225,163	225,163
Beginning Net Position - July 1		(1,313,325)	(439,126)	(213,963)	11,200
	Prior Period Adjustments				
	Change in Net Position	874,199	225,163	225,163	225,163
Ending Net Position - June 30		(439,126)	(213,963)	11,200	236,363

Expenses

The expenses of the program consist of administration costs and benefits for certified workers. Expenses are paid out when reimbursement requests are submitted to the department if there are sufficient monies in the fund to cover those expenses.

Revenues

The program is funded through an annual assessment on Plan 1 (self-insured) workers' compensation employers and a surcharge premium paid for Plan 2 (private sector) and Plan 3 (Montana State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-915, MCA) and amounts actually paid out from SIF. The revenue to the fund is collected five times throughout the year.

Proprietary Rate

The SIF rate is set by the Employment Standards Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' experience, future rates beyond one year are unknown. The estimated rates for the program are shown below:

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Plan I - Insureds (Admin costs & benefits paid to certified claimants)	233,864	250,566	250,566	250,566
Plan III - Old Insureds (Admin costs & benefits paid to certified claimants)	20,476	20,033	20,033	20,033
Plan II & III - (surcharge) (Admin costs & benefits paid to certified claimants)	1,411,177	1,232,729	1,232,729	1,232,729

The rates are based on the workers' compensation (WC) insurance plans' share of the workers' compensation paid losses as compared the net outlay of the subsequent injury fund in a calendar year (39-71-915, MCA).

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Board of Public Accountants – Fund 06086

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

Proprietary Program Description

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
6086	Board of Public Accountants	66020	Labor & Industry	EMPLOYMENT STANDARDS BSD

	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Operating Revenues				
Fees and Charges				
Licenses & Permits	363,118	360,000	105,000	
Charges for Service	30,210	30,200	-	
Fines & Forfeits	7,705	12,000	-	
Sale of Documents	120	1,000	-	
Grants Transfers Misc.				
Other Operating Revenues				
BOI Investment Earnings	1,189	12,000	-	
Total Operating Revenues	402,342	415,200	105,000	
Expenses				
Personal Services	68,816	165,002	41,250	
Other Operating Expense	100,477	203,390	50,848	
Debt Service	496	1,397	349	
Transfers Out				
Total Operating Expense	169,789	369,789	92,447	
Operating Income (Loss)	232,553	45,411	12,553	
Income (Loss) Before Contributions and Transfers	232,553	45,411	12,553	
Capital Contributions				
Transfers In				
Transfers Out	(21)	(800)	(800)	
Loans and Lease Payments				
Change in Net Position	232,532	44,611	11,753	
Beginning Net Position - July 1	614,908	847,661	892,272	
Prior Period Adjustments	221			
Change in Net Position	232,532	44,611	11,753	
Ending Net Position - June 30	847,661	892,272	904,025	

This fund is set to sunset on September 30, 2023. At which time, the executive proposes to reestablish this funding as a HB 2 state special revenue fund. This will include funding for 2.00 FTE and the associated personal services and operating costs.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	9,378,730	6,769,541	(2,609,189)	(27.82)%
Operating Expenses	14,252,174	17,233,075	2,980,901	20.92 %
Debt Service	41,096	41,096	0	0.00 %
Total Expenditures	\$23,672,000	\$24,043,712	\$371,712	1.57 %
Proprietary Funds	23,672,000	24,043,712	371,712	1.57 %
Total Funds	\$23,672,000	\$24,043,712	\$371,712	1.57 %

Program Description

The Technology Services Division (TSD) provides information technology services and support for the department including IT project management, application development and network services. Helpdesk, security, procurement, and some other services were transitioned to state ITSD following a merger in 2022 in accordance with the statewide IT Strategic Plan.

Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Technology Services Division is funded entirely with non-budgeted proprietary funds, which are not appropriated in HB 2

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	34.00	34.00	34.00	34.00
Personal Services	3,443,823	4,660,757	4,717,973	3,375,326	3,394,215
Operating Expenses	7,580,144	7,549,388	6,702,786	8,571,536	8,661,539
Debt Service	177,716	20,548	20,548	20,548	20,548
Total Expenditures	\$11,201,683	\$12,230,693	\$11,441,307	\$11,967,410	\$12,076,302
Proprietary Funds	11,201,683	12,230,693	11,441,307	11,967,410	12,076,302
Total Funds	\$11,201,683	\$12,230,693	\$11,441,307	\$11,967,410	\$12,076,302

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Technology Services Division did not have any HB 2 authority in FY 2022. The division expended 91.6% of their \$12.2 million non-budgeted proprietary funding in FY 2022. Personal services were 73.9% expended. Lower expenditures were due to vacancies within the division.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Technology Services Division’s FY 2023 budget is approximately \$789,000 less than their FY 2022 budget. In FY 2022, the division requested an increase in its operating expense budget to properly record expenditures.

Executive Request

The Technology Services Division proposed budget is approximately \$526,000 in FY 2024 and \$635,000 in FY 2025 greater than their FY 2023 budget. Requested adjustments will be discussed in further detail in the Present Law Adjustments section below.

Program Personal Services Narrative

The Technology Services Division has 34.00 FTE, funded by non-budgeted proprietary funding. As of August 1, 2022, the agency had 9.00 FTE vacant.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 06-Technology Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06568 Technical Services	0	0	9,417,805	0	9,417,805	39.17 %	
06578 Technical Services Direct	0	0	14,625,907	0	14,625,907	60.83 %	
Proprietary Total	\$0	\$0	\$24,043,712	\$0	\$24,043,712	100.00 %	
Total All Funds	\$0	\$0	\$24,043,712	\$0	\$24,043,712		

Non-Budgeted Proprietary Funding

The Technology Services Division is funded entirely with proprietary rates. The two proprietary funds utilized by the division are the technical services account and the technical services direct account. These funds will be discussed in further detail in the proprietary rates section below.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	
2023 Base Budget	0	0	0	0.00 %	11,441,307	11,441,307	22,882,614	95.17 %	
SWPL Adjustments	0	0	0	0.00 %	(1,046,445)	(945,300)	(1,991,745)	(8.28)%	
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
New Proposals	0	0	0	0.00 %	1,572,548	1,580,295	3,152,843	13.11 %	
Total Budget	\$0	\$0	\$0		\$11,967,410	\$12,076,302	\$24,043,712		

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(1,342,647)	0.00	0	0	0	(1,323,758)
DP 2 - Fixed Costs	0.00	0	0	0	(135,484)	0.00	0	0	0	(135,878)
DP 3 - Inflation Deflation	0.00	0	0	0	431,686	0.00	0	0	0	514,336
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$1,046,445)	0.00	\$0	\$0	\$0	(\$945,300)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	1,797	0.00	0	0	0	1,797
DP 301 - Cost Allocation Plan Adjustment	0.00	0	0	0	21,940	0.00	0	0	0	22,062
DP 601 - TSD Proprietary Enterprise Rate Change	0.00	0	0	0	1,548,811	0.00	0	0	0	1,556,436
Total	0.00	\$0	\$0	\$0	\$1,572,548	0.00	\$0	\$0	\$0	\$1,580,295

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$1,225 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 601 - TSD Proprietary Enterprise Rate Change -

The executive is requesting an increase in proprietary funding for State Information Technology Services Division (SITSD) costs. The Department of Labor & Industry (DOLI) Technology Services Division's proprietary fund is a pass-through fund for tracking information technology (IT) expenditures charged from SITSD. This fund pays the department's IT expenditures to SITSD and then collects revenue from all divisions to reimburse the fund. This fund's expenditures and revenue collected net to zero.

In FY 2022, DOLI's IT Help-Desk staff were transferred from DOLI to SITSD in the Department of Administration. SITSD will bill DOLI back for these services through SITSD's enterprise rate. DOLI will be billed for the current rate of these services each fiscal year plus an increase due to additional costs. This increase in service costs is due to Cybersecurity and ServiceNow costs, as well as increases in other costs of services provided by SITSD.

Other Issues -

Proprietary Rates

The Technology Services Division (TSD) provides information technology services and support for the department including project management and application services including computer programming and database management. There are two funds, the technical and application services fund and the technical services direct fund. These funds are discussed in further detail below.

Technical and Application Services – Fund 06568

Proprietary Program Description

The Application Section provides services related to staff who program, test, and analyze the department’s applications.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06568	Technical Services	66020	Department of Labor & Industry	Technology Services		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
Non-Federal Ind Cost Recovery			3,926,576	3,482,622	3,256,479	3,253,756
Federal Indirect Cost Recoveries			698,714	614,580	574,673	574,192
Total Operating Revenues			<u>4,625,290</u>	<u>4,097,202</u>	<u>3,831,152</u>	<u>3,827,948</u>
Expenses						
Personal Services			3,207,658	2,674,039	3,140,200	3,210,956
Other Operating Expense			1,317,486	1,791,709	576,035	582,506
Total Operating Expense			<u>4,525,144</u>	<u>4,465,748</u>	<u>3,716,235</u>	<u>3,793,462</u>
Operating Income (Loss)			<u>100,146</u>	<u>(368,546)</u>	<u>114,917</u>	<u>34,486</u>
Income (Loss) Before Contributions and Transfers			<u>100,146</u>	<u>(368,546)</u>	<u>114,917</u>	<u>34,486</u>
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments			-	(11,000)	(11,000)	(11,000)
Change in Net Position			<u>100,146</u>	<u>(379,546)</u>	<u>103,917</u>	<u>23,486</u>
Beginning Net Position - July 1			544,213	643,371	263,825	367,742
Prior Period Adjustments			(988)			
Change in Net Position			100,146	(379,546)	103,917	23,486
Ending Net Position - June 30			<u>643,371</u>	<u>263,825</u>	<u>367,742</u>	<u>391,228</u>

Expenses

The major expenses for this fund consist of the personal services for 34.00 FTE, which accounted for \$2.7 million or 59.9% of the total costs in FY 2023. The remaining expenses are for operating expenses.

Revenues

The rate for application services is assessed based on a direct hourly charge to the benefiting division. Revenues for the Application Section are billed to divisions also approved by the legislature and the U.S. Department of Labor.

All programs which utilize these services have a present law adjustment in the proposed budget to account for the proposed rate. If the rate approved by the legislature differs from the rate proposed, program budgets will need to be adjusted accordingly to maintain alignment with decisions made for this program.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Application Rate	84	84	104	104
Technical Services Rate	266	266	0	0

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The Technical Services Component was transferred to the Department of Administration during the 2023 biennium leading to the elimination of the rates in the 2025 biennium. However, rates for Application Services are proposed to increase in the 2025 biennium due to increased enterprise costs.

Technical Services Direct – Fund 06578

Proprietary Program Description

The Technical Services Direct fund has two rates that are direct pass thru costs to the department divisions. The rate for enterprise services provided by State Information Technology Services Division (SITSD) is allocated on total cost by division FTE. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06578	Technical Services	66020	Department of Labor and Industry	Technology Services		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
Non-Federal Ind Cost Recovery			5,651,385	3,859,421	4,956,862	4,960,925
Federal Indirect Cost Recovery			1,258,752	1,900,909	2,441,440	2,443,440
Other Operating Revenues						
Total Operating Revenues			6,910,137	5,760,330	7,398,302	7,404,365
Expenses						
Personal Services						
Other Operating Expense			6,910,137	5,760,330	7,398,302	7,404,365
Total Operating Expense			6,910,137	5,760,330	7,398,302	7,404,365
Operating Income (Loss)			-	-	-	-
Change in Net Position			-	-	-	-
Beginning Net Position - July 1			-	-	-	-
Prior Period Adjustments						
Change in Net Position			-	-	-	-
Ending Net Position - June 30			-	-	-	-

Expenses

The Technical Services Direct fund includes expenses for pass through information technology expenditures that could be directly related to a division. These include SITSD charges, software purchases, and contract payments.

Revenues

The Enterprise Services rate is all SITSD charges that directly benefit the department. Those total costs are distributed based on department FTE. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and specific SITSD services.

All programs that utilize these services have a present law adjustment in the proposed budget to account for the proposed rate. If the rate approved by the legislature differs from the rate proposed, program budgets will need to be adjusted accordingly to maintain alignment with decisions made for this program.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Enterprise	1,452,055	1,460,791	3,098,763	3,104,826
Direct Services	Actual Cost	Actual Cost	Actual Cost	Actual Cost

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department. The total budgeted SITSD rate for a portion of asset broker, enterprise services, equipment hosting, operational support, server, and storage hosting services are allocated back to divisions based on FTE percentages. The direct services rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	770,697	963,152	192,455	24.97 %
Operating Expenses	737,317	865,233	127,916	17.35 %
Grants	6,176,413	6,189,444	13,031	0.21 %
Transfers	558,331	501,300	(57,031)	(10.21)%
Debt Service	2,844	2,344	(500)	(17.58)%
Total Expenditures	\$8,245,602	\$8,521,473	\$275,871	3.35 %
General Fund	285,630	469,130	183,500	64.24 %
State/Other Special Rev. Funds	24,776	24,776	0	0.00 %
Federal Spec. Rev. Funds	7,935,196	8,027,567	92,371	1.16 %
Total Funds	\$8,245,602	\$8,521,473	\$275,871	3.35 %
Total Ongoing	\$8,245,602	\$8,361,274	\$115,672	1.40 %
Total OTO	\$0	\$160,199	\$160,199	100.00 %

Program Description

The Governor's Office of Community Service (OCS) and the Governor-appointed Montana Commission on Community Service promotes service and community volunteer opportunities in Montana. OCS administers federal funding to AmeriCorps state programs in Montana. The federal funding is provided by the Corporation for National and Community Service, an independent federal agency. OCS provides a comprehensive array of technical assistance and support national service programs and service organizations throughout Montana.

Program Highlights

Office of Community Services Major Budget Highlights
<ul style="list-style-type: none"> • The Office of Community Service's 2025 biennium requested appropriations are approximately \$276,000 or 3.4% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ A one-time-only general fund match fund for an AmeriCorps grant ◦ Increases in general fund and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund and federal special revenue related to IT costs transferred to the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	5.00	5.00	6.00	5.50
Personal Services	379,278	381,243	389,454	497,625	465,527
Operating Expenses	233,672	346,417	390,900	436,948	428,285
Grants	2,469,782	3,081,691	3,094,722	3,094,722	3,094,722
Transfers	307,156	307,681	250,650	250,650	250,650
Debt Service	1,465	1,672	1,172	1,172	1,172
Total Expenditures	\$3,391,353	\$4,118,704	\$4,126,898	\$4,281,117	\$4,240,356
General Fund	140,330	140,329	145,301	256,374	212,756
State/Other Special Rev. Funds	0	12,388	12,388	12,388	12,388
Federal Spec. Rev. Funds	3,251,023	3,965,987	3,969,209	4,012,355	4,015,212
Total Funds	\$3,391,353	\$4,118,704	\$4,126,898	\$4,281,117	\$4,240,356
Total Ongoing	\$3,391,353	\$4,118,704	\$4,126,898	\$4,178,469	\$4,182,805
Total OTO	\$0	\$0	\$0	\$102,648	\$57,551

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Office of Community Services expended 82.3% of their \$4.1 million HB 2 modified budget in FY 2022. Personal services were 99.5% expended, operating expenses were 67.5% expended, and grants were 80.1% expended. Lower expenditures were due to lower grants awarded.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Office of Community Services FY 2023 appropriation authority is approximately \$8,000 greater than the FY 2022 appropriation authority.

Executive Request

The executive is requesting an increase of approximately \$154,000 in FY 2024 and \$113,000 in FY 2025 above the FY 2023 base appropriations. This increase is primarily driven by statewide present law adjustments for personal services, fixed costs, and inflation/deflation, as well as a one-time-only request for an increase in general fund match funding for AmeriCorps grants awarded through the American Rescue Plan Act (ARPA). Other general fund and federal special revenue increases are for new fixed costs related to the Chief Data Office in the Department of Administration and increased centralized services rates. The executive proposal includes a general fund and federal special revenue decrease related to IT costs that have been transferred to the Department of Administration.

Program Personal Services Narrative

The Office of Community Services has 5.00 permanent HB 2 FTE. As of August 1, 2022, the division had 1.00 FTE vacant.

Personal services were \$389,000 or 9.4% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$26,000 in FY 2024 and \$29,000 in FY 2025. During FY 2022, management issued promotion, performance, and retention adjustments that increased employees pay. Legislatively, these increases in salaries led to an increase in total benefit and longevity compensation for FY 2023.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 07-Office of Community Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	308,931	160,199	0	0	469,130	5.51 %
02190 OCS - Training	24,776	0	0	0	24,776	100.00 %
State Special Total	\$24,776	\$0	\$0	\$0	\$24,776	0.29 %
03322 MT Community Service FSR	8,027,567	0	0	0	8,027,567	100.00 %
Federal Special Total	\$8,027,567	\$0	\$0	\$0	\$8,027,567	94.20 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$8,361,274	\$160,199	\$0	\$0	\$8,521,473	

HB 2 Authority

General Fund

The division has a small general fund appropriation, used as a state match portion for federal grants. General fund primarily provides funding for the program's administrative expenses.

State Special Revenue

The Office of Community Services has one state special revenue account for community services related trainings.

Federal Special Revenue

The majority of the Office of Community Services appropriation authority comes from federal special revenue provided through AmeriCorps grants. Federal funds provide funding for administrative expenses as well as funding for grant and special projects administered by the program.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	145,301	145,301	290,602	61.94 %	4,126,898	4,126,898	8,253,796	96.86 %
SWPL Adjustments	11,431	12,910	24,341	5.19 %	55,929	60,265	116,194	1.36 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	99,642	54,545	154,187	32.87 %	98,290	53,193	151,483	1.78 %
Total Budget	\$256,374	\$212,756	\$469,130		\$4,281,117	\$4,240,356	\$8,521,473	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
DP 1 - Personal Services	0.00	6,280	0	19,877	26,157	0.00	6,924	0	21,915	28,839
DP 2 - Fixed Costs	0.00	4,014	0	9,383	13,397	0.00	4,739	0	8,681	13,420
DP 3 - Inflation Deflation	0.00	1,137	0	15,238	16,375	0.00	1,247	0	16,759	18,006
Grand Total All Present Law Adjustments	0.00	\$11,431	\$0	\$44,498	\$55,929	0.00	\$12,910	\$0	\$47,355	\$60,265

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
New Proposals										
DP 99 - New Fixed Costs	0.00	317	0	0	317	0.00	317	0	0	317
DP 301 - Cost Allocation Plan Adjustment	0.00	608	0	1,923	2,531	0.00	608	0	1,923	2,531
DP 602 - TSD Technology Services Reduction	0.00	(3,931)	0	(3,275)	(7,206)	0.00	(3,931)	0	(3,275)	(7,206)
DP 701 - OCS General Fund Match OTO	1.00	102,648	0	0	102,648	0.50	57,551	0	0	57,551
Total	1.00	\$99,642	\$0	(\$1,352)	\$98,290	0.50	\$54,545	\$0	(\$1,352)	\$53,193

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$216 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.

DP 701 - OCS General Fund Match OTO -

The executive requests a general fund one-time-only match for American Rescue Plan Act (ARPA) funds. The Office of Community Services received ARPA funds granted from the federal government to engage more Montanans into AmeriCorps. The total general fund needed for this match is approximately \$160,000 over the 2025 biennium and would not continue into the future. The one-time-only request includes 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,259,231	1,305,459	46,228	3.67 %
Operating Expenses	320,080	368,124	48,044	15.01 %
Debt Service	5,930	5,930	0	0.00 %
Total Expenditures	\$1,585,241	\$1,679,513	\$94,272	5.95 %
State/Other Special Rev. Funds	1,585,241	1,679,513	94,272	5.95 %
Total Funds	\$1,585,241	\$1,679,513	\$94,272	5.95 %
Total Ongoing	\$1,585,241	\$1,679,513	\$94,272	5.95 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Workers' Compensation Court provides a forum for Montana employees, employers, and insurers to resolve disputes arising from work-related injuries and occupational diseases. The court is attached to the department for administrative purposes only.

Program Highlights

Workers Compensation Court Major Budget Highlights
<ul style="list-style-type: none"> • The Workers Compensation Court 2025 biennium requested appropriations are approximately \$94,000 or 6.0% higher than the 2023 biennium • The executive proposal includes: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, and inflation/deflation ◦ Increases in state special revenue due to increased rates for centralized services ◦ Decreases in state special revenue related to IT costs transferred to the Department of Administration

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	503,069	625,663	633,568	651,159	654,300
Operating Expenses	156,200	159,974	160,106	183,820	184,304
Debt Service	919	2,965	2,965	2,965	2,965
Total Expenditures	\$660,188	\$788,602	\$796,639	\$837,944	\$841,569
State/Other Special Rev. Funds	660,188	788,602	796,639	837,944	841,569
Total Funds	\$660,188	\$788,602	\$796,639	\$837,944	\$841,569
Total Ongoing	\$660,188	\$788,602	\$796,639	\$837,944	\$841,569
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Workers Compensation Court expended 83.7% of their \$789,000 HB 2 modified budget in FY 2022. Personal services were 80.4% expended and operating expenses were 97.6% expended. Unexpended authority is primarily related to a reduction in personal service expenditures due to vacant positions.

FY 2022 Appropriations Compared to FY 2023 Appropriations

The Workers Compensation Court FY 2023 appropriation authority is approximately \$8,000 or 1.0% greater than the FY 2022 appropriation authority.

Executive Request

The Workers Compensation Court executive request is an increase of approximately \$39,000 in FY 2024 and \$43,000 in FY 2025 above the FY 2023 base appropriations. This increase is primarily driven by an increase in present law adjustments for personal services, fixed costs, and inflation. Other state special revenue increases are for new fixed costs related to the Chief Data Office in the Department of Administration and increased centralized services rates. The executive proposal includes a decrease in state special revenue related to IT costs that have been transferred to the Department of Administration.

Program Personal Services Narrative

The Workers Compensation Court has 7.00 permanent HB 2 FTE. As of August 1, 2022, the division had 2.00 FTE vacant.

Personal services were \$634,000 or 79.5% of the total FY 2023 appropriations. The executive proposes a present law adjustment increase of approximately \$18,000 in FY 2024 and \$21,000 in FY 2025. This increase is primarily attributed to legislatively approved changes for the pay plan, longevity increases, and a pay increase for the one elected position in the division.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Labor and Industry, 09-Workers Compensation Court Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02455 Workers' Comp Regulation	1,679,513	0	0	0	1,679,513	100.00 %	
State Special Total	\$1,679,513	\$0	\$0	\$0	\$1,679,513	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$1,679,513	\$0	\$0	\$0	\$1,679,513		

HB 2 Authority

State Special Revenue

The Workers Compensation Court is entirely funded with state special revenue derived from an assessment charged to the workers' compensation carriers in Montana. The fee is passed on to Montana businesses when their workers' compensation premiums are determined by the carriers.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	796,639	796,639	1,593,278	94.87 %
SWPL Adjustments	0	0	0	0.00 %	45,108	48,713	93,821	5.59 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(3,803)	(3,783)	(7,586)	(0.45)%
Total Budget	\$0	\$0	\$0		\$837,944	\$841,569	\$1,679,513	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	17,591	0	17,591	0.00	0	20,732	0	20,732
DP 2 - Fixed Costs	0.00	0	24,709	0	24,709	0.00	0	24,758	0	24,758
DP 3 - Inflation Deflation	0.00	0	2,808	0	2,808	0.00	0	3,223	0	3,223
Grand Total All Present Law Adjustments	0.00	\$0	\$45,108	\$0	\$45,108	0.00	\$0	\$48,713	\$0	\$48,713

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	370	0	370	0.00	0	370	0	370
DP 301 - Cost Allocation Plan Adjustment	0.00	0	4,233	0	4,233	0.00	0	4,253	0	4,253
DP 602 - TSD Technology Services Reduction	0.00	0	(8,406)	0	(8,406)	0.00	0	(8,406)	0	(8,406)
Total	0.00	\$0	(\$3,803)	\$0	(\$3,803)	0.00	\$0	(\$3,783)	\$0	(\$3,783)

***Total Funds** amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$252 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The executive requests an increase in state special revenues and federal special revenue in the 2025 biennium. The Department of Labor & Industry’s Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI’s Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers’ compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 602 - TSD Technology Services Reduction -

The executive requests a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of the statewide present law adjustment for fixed costs. To offset this increase, DOLI is decreasing already established appropriations in each division based on an internal allocation of FTE.