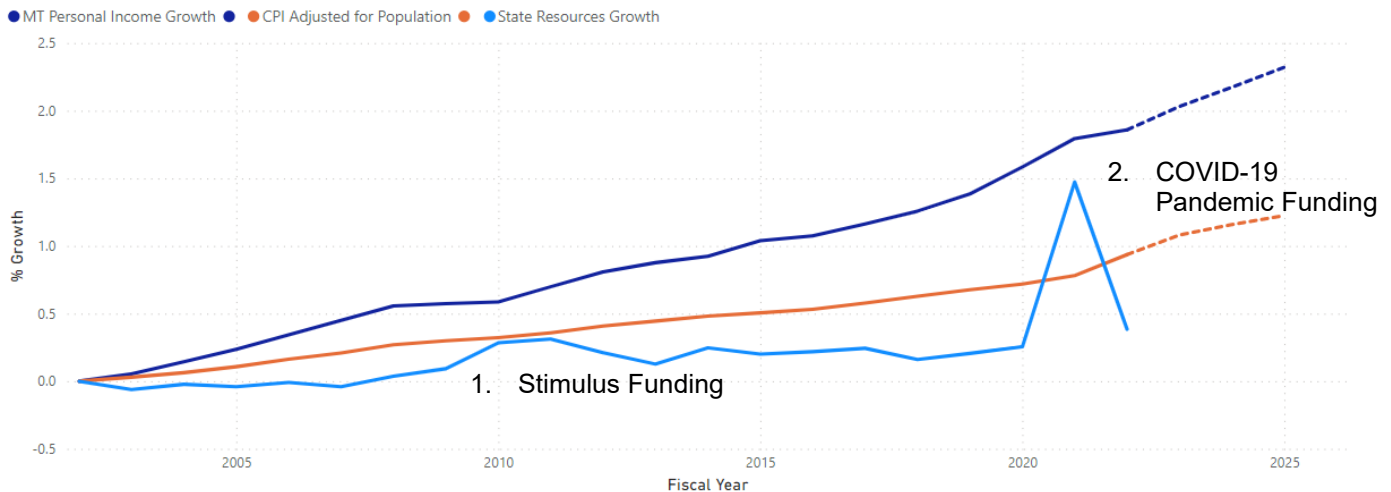


Department of Labor and Industry

This report includes a series of charts that compare state resource expenditure growth to the growth in personal income and growth in inflation adjusted for population. Montana statute, 17-8-106, MCA, recommends using growth in personal income for comparison purposes. Personal income is a measure for growth in the economy. Comparing growth allows financial planners to consider past and future demands in services or changes in revenues.

All Government Funds

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.

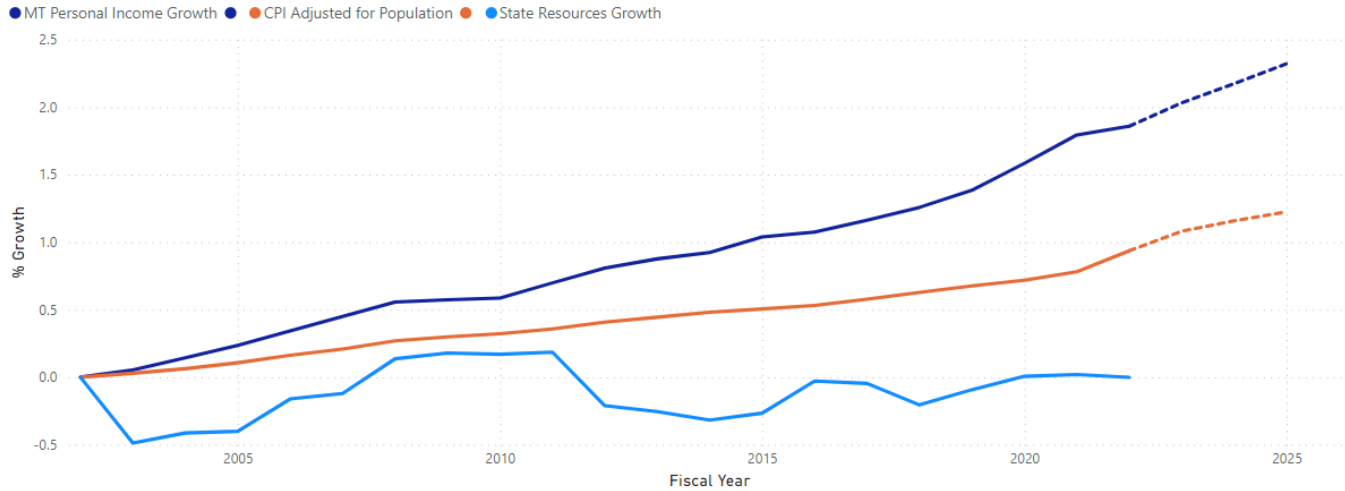


In general, the trend for expenditures related to all governmental funds in the Department of Labor & Industry has been lower than the rate of inflation adjusted for population.

1. In FY 2010 and FY 2011, Montana received federal stimulus funds from the American Recovery and Reinvestment Act (ARRA) of 2009. These funds were appropriated by the legislature in the Montana Reinvestment Act (HB 645) in the 2009 Legislative Session. The Department of Labor and Industry (DLI) received \$15.3 million in federal funds spending authority over the biennium for worker and community benefit programs including worker training programs, special assistance to workers displaced by trade activities, re-employment services, job search assistance, funding for community service programs, and funding for the modernization and administration of the Unemployment Insurance Program. That funding was not continued into FY 2012. Federal funding has consistently declined since the funding from the federal stimulus package expired, which in large part explains the low amount of growth for DLI in comparison to population and inflation.
2. In FY 2021, DLI received federal funding to support COVID-19 related unemployment insurance claims. Federal unemployment insurance programs were implemented to address the effects of the pandemic, leading to a higher-than-normal amount of claimants and benefits being distributed.

General Fund

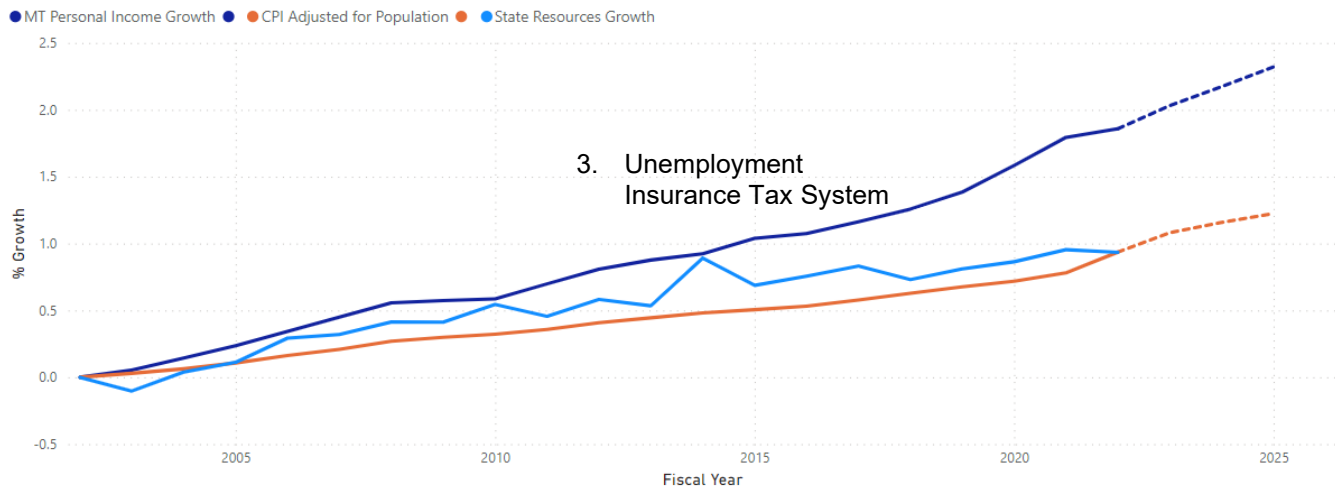
The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



Though the amount of general fund has varied over the last 20 years, the amount of general fund DLI receives is so small that even minor changes in amount of funding account for a large percentage of change in the general fund trend line above. General fund accounts for less than 2.3% of funding for DLI since FY 2002, and general fund currently supports activities within the Workforce Services Division, Commissioner's Office/Centralized Services Division, the Office of Community Services, and the Employment Standards Division.

State Special Revenue

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



Most state special revenue used by DLI is from the employment security account (ESA), which generates revenue from an administrative assessment against the payrolls of Montana employers. In addition to the ESA, the department has approximately 50 additional state special revenue accounts. A state special revenue account is maintained for each type of license and professional board in the Employment Standards Division



(ESD). Charges and fees paid by licensees are deposited into the accounts, and administrative and operational expenses of the ESD are charged directly to the accounts.

DLI's state special revenue expenditures have increased over the last 20 years. In addition to growing on their own, they have also replaced some federal special revenue sources. In FY 2004, general fund was replaced with ESA funds and backfilled with federal Reed Act funds in the Jobs for Montana Graduates and Displaced Homemakers Programs. The legislature approved funding the Jobs for Montana Graduates with general fund and funded the Displaced Homemaker Program with ESA funds. In FY 2006, the legislature approved a funding switch from the one-time-only distribution of federal Reed Act funds back to general fund and ESA funds. In FY 2008 and FY 2009, the legislature increased ESA funds and reduced federal funds, as a result of passage and approval of HB 790 which changed the ESA employer assessment and state unemployment tax rates.

3. In FY 2014, there was an increase in state special revenue expenditures from the employment security account for the implementation of the Status, Tax Accounting, Audit, & Rating System (STAARS) unemployment insurance tax system.