

Non-Budgeted Proprietary Funds

Within the Department of Labor and Industry are numerous proprietary funds, both enterprise and internal service funds. The description, revenue, and expenditures of these funds are all unique. More detail on these aspects will be provided at the program level of this report.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	93.75	93.75	93.75	93.75
Personal Services	8,194,124	9,611,296	10,033,219	10,049,837	10,074,616
Operating Expenses	11,883,514	13,307,150	9,738,762	9,372,692	9,231,908
Benefits & Claims	140,261,554	143,499,728	135,503,328	138,492,996	145,133,587
Transfers	29,368	28,648	25,048	25,048	25,048
Debt Service	866,916	875,938	945,552	945,552	945,552
Total Expenditures	\$161,235,476	\$167,322,760	\$156,245,909	\$158,886,125	\$165,410,711
Proprietary Funds	161,235,476	167,322,760	156,245,909	158,886,125	165,410,711
Total Funds	\$161,235,476	\$167,322,760	\$156,245,909	\$158,886,125	\$165,410,711
Total Ongoing	\$161,235,476	\$167,322,760	\$156,245,909	\$158,886,125	\$165,410,711
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Description

The Department of Labor and Industry (DOLI) serves a number of functions. In part, the department:

- Fosters a robust Montana workforce by connecting job seekers with employment opportunities and upskilling programs, assisting individuals in preparing for and finding jobs while assisting employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts economic research and collects economic data
- Administers the Unemployment Insurance Program, disburses unemployment benefits and facilitates employer UI contributions
- Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Provides adjudicative services in labor-management disputes
- Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provides administrative and clerical services to the professional boards of licensure and occupational licensing programs authorized by state statutes
- Establishes and enforces minimum building codes
- Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Service
- Oversees and regulates the Montana workers' compensation system

Organizationally, the department is divided into five divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Standards; and 5) Technology Services Division. The Office of Community Service, Workers' Compensation Court, Board of Personnel Appeals, and Board of Labor Appeals are administratively attached. Under statute the Human Rights Commission is allocated to the Department of Labor and Industry for administrative purposes.

FY 2024 Appropriations Compared to the FY 2024 Expenditures

The appropriations within non-budgeted proprietary funds were 96.4% expended through the end of FY 2024. The primary expenditure was within benefits and claims, as the largest fund is the Unemployment Insurance (UI) Tax Benefit fund, more details on this fund and all other non-budgeted proprietary funds will be found at the program level of this report.

closely mirrors its five-year Olympic average percent expended of 91.3%.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations within non-budgeted proprietary funds decrease by 6.6% in comparing the FY 2025 appropriations to that of FY 2024. This decrease is primarily driven by the UI Tax Benefit fund as the major aspect of this change is within benefits and claims. As the UI Tax Benefit fund encapsulates 88.5% of the total FY 2025 appropriation, any change in this fund has a large impact on non-budgeted proprietary funds within the agency.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
Proprietary Funds	8,737	1,750	1,750	(13,974)	(80.0%)	
Total Funds	8,737	1,750	1,750	(13,974)	(80.0%)	
Operating Expenses	8,737	1,750	1,750	(13,974)	(80.0%)	
Total Expenditures	8,737	1,750	1,750	(13,974)	(80.0%)	
Total Ongoing	8,737	1,750	1,750	(13,974)	(80.0%)	
Total One-Time-Only					0.0%	

Program Highlights

Workforce Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Workforce Services Division’s 2027 biennium proposed non-budgeted proprietary appropriations are approximately \$14,000 or 80.0% lower than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ A decrease of \$14,000 in proprietary authority within the Montana Career Information System fund ◦ Proposed increase in the enterprise rates for the Montana Career Information System fund from \$1,625 to \$1,750

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

	Workforce Services Division 2027 Biennium Base Budget and Requested Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	8,737	499.3%	0	0	0	8,737	499.3%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	(6,987)	(399.3%)	0	0	0	(6,987)	(399.3%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Adjustments	0	0	0	(6,987)	(399.3%)	0	0	0	(6,987)	(399.3%)
Total Requested Budget	0	0	0	1,750		0	0	0	1,750	

Funding

The following table shows proposed program 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	556,072	0	0	0	556,072	0.8%
02067 Montana HELP Act	1,350,000	0	0	0	1,350,000	4.5%
02258 Employment Security Account	28,837,139	0	0	0	28,837,139	95.5%
State Special Total	\$30,187,139	\$0	\$0	\$0	\$30,187,139	44.9%
03124 Employment Trng Grants	15,650,553	0	0	0	15,650,553	43.0%
03128 L & I Federal Funding	685,498	0	0	0	685,498	1.9%
03194 Research & Analysis BLS	1,537,411	0	0	0	1,537,411	4.2%
03297 Labor and Industry Veteran Gra	1,597,549	0	0	0	1,597,549	4.4%
03660 SAA	246,555	0	0	0	246,555	0.7%
03682 Wagner Peyser	12,305,441	0	0	0	12,305,441	33.8%
03692 Alien Labor Certification(ALC)	981,071	0	0	0	981,071	2.7%
03693 Wrk Opportunities Tx Crdt/WOTC	189,051	0	0	0	189,051	0.5%
03694 Trade Adjustment Assist/NAFTA	1,049,473	0	0	0	1,049,473	2.9%
03954 UI Administrative Grants	47,302	0	0	0	47,302	0.1%
03982 RESEA	2,133,719	0	0	0	2,133,719	5.9%
Federal Special Total	\$36,423,623	\$0	\$0	\$0	\$36,423,623	54.2%
06051 Montana Career Info System	0	0	3,500	0	3,500	100.0%
Proprietary Total	\$0	\$0	\$3,500	\$0	\$3,500	0.0%
Total All Funds	\$67,166,834	\$0	\$3,500	\$0	\$67,170,334	

Non-Budgeted Proprietary

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.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Operating Expenses	875	8,594	8,737	1,750	1,750
Total Expenditures	\$875	\$8,594	\$8,737	\$1,750	\$1,750
Proprietary Funds	875	8,594	8,737	1,750	1,750
Total Funds	\$875	\$8,594	\$8,737	\$1,750	\$1,750
Total Ongoing	\$875	\$8,594	\$8,737	\$1,750	\$1,750
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

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 services 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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The MCIS fund was 10.2% expended in FY 2024. As shown in the above chart, all of these expenditures for operating expenses. The lower percent expended is due to fewer schools utilizing the optional aspects of this fund. A more detailed breakdown of the expenditures for this fund can be found below.

FY 2024 Appropriations Compared to FY 2025 Appropriations

When looking at the FY 2025 appropriations compared to that of FY 2024, FY 2025 is 1.7% higher. Similar to FY 2024, all of the FY 2025 appropriations are in operating expenses.

Proprietary Rates

The executive proposes an increase in the MCIS proprietary rate when compared to the FY 2025 base rates. The increase in the proposed revenues for FY 2026 and FY 2027 is due an increase the agency experienced in FY 2024. The figure below shows the rates proposed by the executive for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Reviewed FY 2024	Reviewed FY 2025	Proposed FY 2026	Proposed FY 2027
Fee Description:				
Fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio				
IDEAS Assessment @ \$125/test	\$ 375	\$ 375	\$ 500	\$ 500
Peterson's Academic Practice Tests - Pkg 1 @\$250/test	1,250.00	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				
Peterson's College Placement Skills @ \$225/test				
Total	\$ 1,625	\$ 1,625	\$ 1,750	\$ 1,750

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.

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.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
DP 103 - MCIS Proprietary Authority Adjustment	0.00	0	0	0	(6,987)	0.00	0	0	0	(6,987)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$6,987)	0.00	\$0	\$0	\$0	(\$6,987)

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

DP 103 - MCIS Proprietary Authority Adjustment -

The executive proposes adjustments to the appropriation of this fund to align with the estimated revenues more closely.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
Proprietary Funds	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
Total Funds	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
Benefits & Claims	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
Total Expenditures	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
Total Ongoing	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
Total One-Time-Only					0.0%

Program Highlights

Unemployment Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> • The Unemployment Insurance Division's 2027 biennium proposed non-budgeted proprietary appropriations are approximately \$12.6 million, or 4.7% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ An increase in benefits and claims authority within the unemployment insurance tax benefit trust fund in the amount of \$12.6 million

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Unemployment Insurance Division 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	134,000,000	97.8%	0	0	0	134,000,000	93.3%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	2,989,668	2.2%	0	0	0	9,630,259	6.7%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Adjustments	0	0	0	2,989,668	2.2%	0	0	0	9,630,259	6.7%
Total Requested Budget	0	0	0	136,989,668		0	0	0	143,630,259	

Funding

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

Department of Labor and Industry, 02-Unemployment Insurance 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	0.0%	
02067 Montana HELP Act	652,763	0	0	0	652,763	4.1%	
02258 Employment Security Account	15,177,110	0	0	0	15,177,110	95.9%	
State Special Total	\$15,829,873	\$0	\$0	\$0	\$15,829,873	5.0%	
03278 UI Penalty & Interest	2,088,695	0	0	0	2,088,695	9.2%	
03954 UI Administrative Grants	20,703,324	0	0	0	20,703,324	90.8%	
Federal Special Total	\$22,792,019	\$0	\$0	\$0	\$22,792,019	7.1%	
06069 UI Tax Benefit Fund	0	0	280,619,927	0	280,619,927	100.0%	
Proprietary Total	\$0	\$0	\$280,619,927	\$0	\$280,619,927	87.9%	
Total All Funds	\$38,621,892	\$0	\$280,619,927	\$0	\$319,241,819		

Non-Budgeted Proprietary Funds

The Unemployment Insurance Tax Benefit fund (UI fund) is a proprietary account to fund unemployment benefits to claimants through state unemployment taxes. 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.

During the interim, the agency contracted an actuary to study the UI fund, the revenues to this fund, and the fund balance. With that, the actuary concluded that the agency may be able to make changes to the revenue structure of the fund while maintaining a sufficient fund balance. There is currently legislation, LC 463, that includes the recommended changes.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Benefits & Claims	139,248,071	142,000,000	134,000,000	136,989,668	143,630,259
Total Expenditures	\$139,248,071	\$142,000,000	\$134,000,000	\$136,989,668	\$143,630,259
Proprietary Funds	139,248,071	142,000,000	134,000,000	136,989,668	143,630,259
Total Funds	\$139,248,071	\$142,000,000	\$134,000,000	\$136,989,668	\$143,630,259
Total Ongoing	\$139,248,071	\$142,000,000	\$134,000,000	\$136,989,668	\$143,630,259
Total OTO	\$0	\$0	\$0	\$0	\$0

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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The UI fund was 98.1% expended in FY 2024, with all of these expenditures being from benefits and claims. This is in line with anticipated expenditures for the fiscal year. Expenditures out of this fund are dependent on the number of UI claims filed and the amount in benefits to be paid. Further detail on the expenditures of this fund can be found below.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations in FY 2025 are 5.6% less than FY 2024. This is due to a pair of budget modifications made in FY 2024 to increase the authority in that fiscal year. These modifications were to pay benefits to claimants throughout the fiscal year.

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
6069	UI Trust Fund	66020	Labor and Industry	Unemployment Insurance

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
Operating Revenues				
Fees and Charges				
Fee Revenue A Investment Earnings	15,195,166	14,569,552	13,231,399	11,040,703
Fee Revenue B Contributions/Premium	161,878,065	180,217,905	184,022,299	188,818,261
Fee Revenue C Other Revenues	3,487,915	8,238,853	7,840,715	7,246,324
Fee Revenue D Penalty	125,699	238,466	255,269	268,294
Other Operating Revenues				
Total Operating Revenues	180,686,845	203,264,776	205,349,682	207,373,582
Expenses				
Personal Services				
Other Operating Expense				
Expense A Benefits	138,871,162	128,614,224	136,989,668	143,630,259
Total Operating Expense	138,871,162	128,614,224	136,989,668	143,630,259
Operating Income (Loss)	41,815,683	74,650,552	68,360,014	63,743,323
Nonoperating Revenues				
Other Revenue A				
Nonoperating Expenses				
Other Expense A Bad Debt	11,271,237			
Total Nonoperating Revenues (Expenses)	11,271,237	-	-	-
Income (Loss) Before Contributions and Transfers	53,086,920	74,650,552	68,360,014	63,743,323
Capital Contributions				
Transfers In	37,046			
Transfers Out				
Loans and Lease Payments				
Change in Net Position	53,123,966	74,650,552	68,360,014	63,743,323
Beginning Net Position - July 1	543,624,850	600,091,665	674,742,217	743,102,231
Prior Period Adjustments	3,342,849			
Change in Net Position	53,123,966	74,650,552	68,360,014	63,743,323
Ending Net Position - June 30	600,091,665	674,742,217	743,102,231	806,845,554
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

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. The expenditures in this account are entirely dependent on the benefit payments that are to be made.

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.

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.

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.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 202 - UI Proprietary Adjustment	0.00	0	0	0	2,989,668	0.00	0	0	0	9,630,259
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$2,989,668	0.00	\$0	\$0	\$0	\$9,630,259

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

DP 202 - UI Proprietary Adjustment -

The executive proposes an adjustment in non-budgeted proprietary funding due to projected revenue and benefit levels for the upcoming biennium.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	64.75	64.75	64.75	0.00	0.0%	
Proprietary Funds	9,550,104	9,171,214	9,049,969	(879,025)	(4.6%)	
Total Funds	9,550,104	9,171,214	9,049,969	(879,025)	(4.6%)	
Personal Services	6,878,508	6,856,118	6,875,747	(25,151)	(0.2%)	
Operating Expenses	2,581,921	2,225,421	2,084,547	(853,874)	(16.5%)	
Debt Service	89,675	89,675	89,675		0.0%	
Total Expenditures	9,550,104	9,171,214	9,049,969	(879,025)	(4.6%)	
Total Ongoing	9,550,104	9,171,214	9,049,969	(879,025)	(4.6%)	
Total One-Time-Only					0.0%	

Program Highlights

Commissioner's Office and Centralized Services Division (CSD) Major Budget Highlights
<ul style="list-style-type: none"> • The Commissioner's Office and CSD's 2027 biennium proposed non-budgeted proprietary appropriations are approximately \$879,000 or 4.6% lower than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ A decrease in fixed costs of \$852,000 in the Commissioner's Office/CSD non-budgeted proprietary fund

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Commissioner's Office & C.s.d. 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	9,550,104	104.1%	0	0	0	9,550,104	105.5%
Statewide PL										
Personal Services	0	0	0	(22,390)	(0.2%)	0	0	0	(2,761)	(0.0%)
Fixed Costs	0	0	0	(355,550)	(3.9%)	0	0	0	(496,732)	(5.5%)
Inflation Deflation	0	0	0	(950)	(0.0%)	0	0	0	(642)	(0.0%)
Total Statewide PL	0	0	0	(378,890)	(4.1%)	0	0	0	(500,135)	(5.5%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Adjustments	0	0	0	(378,890)	(4.1%)	0	0	0	(500,135)	(5.5%)
Total Requested Budget	0	0	0	9,171,214		0	0	0	9,049,969	

Funding

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

Department of Labor and Industry, 03-Commissioner's 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	691,011	0	0	0	691,011	3.2%	
02233 BSD Hearings	151,223	0	0	0	151,223	9.1%	
02258 Employment Security Account	1,395,405	100,000	0	0	1,495,405	89.7%	
02315 DLI Info Exchange/Rental	2,142	0	0	0	2,142	0.1%	
02941 Uninsured Employer Fund	18,568	0	0	0	18,568	1.1%	
State Special Total	\$1,567,338	\$100,000	\$0	\$0	\$1,667,338	7.7%	
03122 EEOC	63,288	0	0	0	63,288	5.2%	
03954 UI Administrative Grants	1,142,772	0	0	0	1,142,772	94.8%	
Federal Special Total	\$1,206,060	\$0	\$0	\$0	\$1,206,060	5.5%	
06546 Commissioner's Office/CSD	0	0	10,338,593	0	10,338,593	56.7%	
06552 Legal Admin Services	0	0	7,882,590	0	7,882,590	43.3%	
Proprietary Total	\$0	\$0	\$18,221,183	\$0	\$18,221,183	83.6%	
Total All Funds	\$3,464,409	\$100,000	\$18,221,183	\$0	\$21,785,592		

Non-Budgeted Proprietary Funds

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 proposed to finance the program.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	64.75	64.75	64.75	64.75
Personal Services	5,683,783	6,212,841	6,878,508	6,856,118	6,875,747
Operating Expenses	2,192,407	2,525,656	2,581,921	2,225,421	2,084,547
Debt Service	68,737	77,425	89,675	89,675	89,675
Total Expenditures	\$7,944,927	\$8,815,922	\$9,550,104	\$9,171,214	\$9,049,969
Proprietary Funds	7,944,927	8,815,922	9,550,104	9,171,214	9,049,969
Total Funds	\$7,944,927	\$8,815,922	\$9,550,104	\$9,171,214	\$9,049,969
Total Ongoing	\$7,944,927	\$8,815,922	\$9,550,104	\$9,171,214	\$9,049,969
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Commissioner's Office and the Centralized Services Division has two proprietary funds:

- Commissioner's Office/CSD – provides supportive services including human resources, accounting, and other administrative duties through an indirect service charge
- 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

FY 2024 Appropriations Compared to FY 2024 Expenditures

When looking at the two non-budgeted proprietary funds together, these funds were 90.1% expended in FY 2024, which is in line with expectation. These expenditures were centralized in personal services with these expenditures encapsulating 70.5% of the total expenditures for the fiscal year. A more detailed description of the expenditures within each individual fund can be found below.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations are 8.3% higher in FY 2025 when compared to FY 2024. Similar to FY 2024, appropriations in FY 2025 are centralized in personal services with \$6.9 million of the \$9.6 million in appropriations within this expenditure type. The increase in appropriations from FY 2024 to FY 2025 is in line with the proposed expenditures from the 2023 Session. More details surrounding the revenues and expenditures of these funds can be found below.

Commissioner's Office/CSD – Fund 06546

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06546	Commissioner's Office/CSD	66020	Department of Labor & Industry	CSD - CAP - NAPROP

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
Operating Revenues				
Fees and Charges				
Non Federal Ind Cost Recovery	4,170,573	4,124,440	4,124,440	4,124,440
CSD Draws - CAP	988,320	1,025,560	1,025,560	1,025,560
Other Operating Revenues				
Total Operating Revenues	<u>5,158,893</u>	<u>5,150,000</u>	<u>5,150,000</u>	<u>5,150,000</u>
Expenses				
Personal Services	3,096,237	3,625,840	3,705,001	3,714,870
Other Operating Expense	1,676,984	1,959,240	1,517,449	1,377,085
Expense A				
Expense B				
Expense C				
Total Operating Expense	<u>4,773,221</u>	<u>5,585,080</u>	<u>5,222,450</u>	<u>5,091,955</u>
Operating Income (Loss)	<u>385,672</u>	<u>(435,080)</u>	<u>(72,450)</u>	<u>58,045</u>
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>385,672</u>	<u>(435,080)</u>	<u>(72,450)</u>	<u>58,045</u>
Capital Contributions				
Transfers In				
Transfers Out	-			
Loans and Lease Payments	(128)	(12,094)	(12,094)	(12,094)
Change in Net Position	<u>385,544</u>	<u>(447,174)</u>	<u>(84,544)</u>	<u>45,951</u>
Beginning Net Position - July 1	(67,742)	318,062	(129,112)	(213,656)
Prior Period Adjustments	260			
Change in Net Position	<u>385,544</u>	<u>(447,174)</u>	<u>(84,544)</u>	<u>45,951</u>
Ending Net Position - June 30	<u>318,062</u>	<u>(129,112)</u>	<u>(213,656)</u>	<u>(167,705)</u>
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

Major expenditures for this fund consist of the personal services costs for the Commissioner’s Office and CSD, as well as other operating expenses. Significant expenses within this fund include:

- Personal services costs for 34.00 PB, which accounts for \$3.6 million in estimated expenses in FY 2025
- Operating expenses, including:
 - Department-wide fixed costs, such as the statewide cost allocation plan (SWCAP), legislative audit fees, and the Human Resources Information System service fees
 - Charges for legal services that benefit the entire agency
 - Charges for information technology (IT) application that benefit the entire agency

Revenues

The Commissioner’s Office and CSD 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 through an indirect cost rate that is charged against personal services expenses within the agency. The services provided for the fee that is collected include:

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

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

The executive proposes no change to the Commissioner’s Office / CSD proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium. The rates proposed by the division for this fund are the same as the estimated rates for FY 2024 and FY 2025.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Proposed FY 2026	Proposed FY 2027
Fee Description:	9.50%	9.50%	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.

Legal Administrative Services – Fund 06552

Proprietary Program Revenues and Expenses

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

2027 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

	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Proposed FY 2027
Operating Revenues				
Fees and Charges				
Fee Revenue	3,067,215	4,050,000	4,050,000	4,050,000
Other Operating Revenues				
Total Operating Revenues	<u>3,067,215</u>	<u>4,050,000</u>	<u>4,050,000</u>	<u>4,050,000</u>
Expenses				
Personal Services	2,681,658	3,252,668	3,151,117	3,160,877
Other Operating Expense	518,817	622,681	707,972	707,462
Total Operating Expense	<u>3,200,475</u>	<u>3,875,349</u>	<u>3,859,089</u>	<u>3,868,339</u>
Operating Income (Loss)	<u>(133,259)</u>	<u>174,651</u>	<u>190,911</u>	<u>181,661</u>
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>(133,259)</u>	<u>174,651</u>	<u>190,911</u>	<u>181,661</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(38,527)	(77,581)	(77,581)	(77,581)
Change in Net Position	<u>(171,787)</u>	<u>97,070</u>	<u>113,330</u>	<u>104,080</u>
Beginning Net Position - July 1	206,547	38,033	135,103	248,433
Prior Period Adjustments	3,273			
Change in Net Position	(171,787)	97,070	113,330	104,080
Ending Net Position - June 30	<u>38,033</u>	<u>135,103</u>	<u>248,433</u>	<u>352,513</u>
Net Position (Fund Balance) Analysis				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

Within this fund, expenditures include personal services in form of salaries and overhead costs of agency legal staff, as well as other operating costs. Regarding personal services, this includes funding for 20.75 PB, with \$3.3 million in expenditures, or 83.4% of the total budgeted for FY 2025.

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 2024.

Proprietary Rates

The executive proposes no change to the Office of Legal Services proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds								
Fee/Rate Information								
	Approved FY 2024		Approved FY 2025		Proposed FY 2026		Proposed FY 2027	
Fee Description: All								
Attorneys	\$	132	\$	132	\$	132	\$	132
Paralegals & Other	\$	97	\$	97	\$	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.

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.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(22,390)	0.00	0	0	0	(2,761)
DP 2 - Fixed Costs	0.00	0	0	0	(355,550)	0.00	0	0	0	(496,732)
DP 3 - Inflation Deflation	0.00	0	0	0	(950)	0.00	0	0	0	(642)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$378,890)	0.00	\$0	\$0	\$0	(\$500,135)

***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 proposes adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The executive proposes adjustments to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

DP 3 - Inflation Deflation -

The executive proposes adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
Proprietary Funds	1,528,376	1,528,376	1,528,376		0.0%
Total Funds	1,528,376	1,528,376	1,528,376		0.0%
Benefits & Claims	1,503,328	1,503,328	1,503,328		0.0%
Transfers	25,048	25,048	25,048		0.0%
Total Expenditures	1,528,376	1,528,376	1,528,376		0.0%
Total Ongoing	1,528,376	1,528,376	1,528,376		0.0%
Total One-Time-Only					0.0%

Program Highlights

Employment Standards Division Major Budget Highlights
<ul style="list-style-type: none"> The Employment Standards Division's 2027 biennium proposed non-budgeted proprietary appropriations are the same as the FY 2025 base budget

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Employment Standards Division 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	1,528,376	100.0%	0	0	0	1,528,376	100.0%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	0	0	0	1,528,376		0	0	0	1,528,376	

Funding

The following table shows proposed program 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	80,295	0	0	0	80,295	0.1%	
02024 Blasters	29,974	0	0	0	29,974	0.0%	
02078 Occupational Therapists	162,135	0	0	0	162,135	0.2%	
02079 Fire Prevention	124,976	0	0	0	124,976	0.2%	
02080 Prescription Drug Registry	686,852	0	0	0	686,852	0.9%	
02109 Outfitters	938,657	0	0	0	938,657	1.2%	
02155 Boilers	1,545,782	0	0	0	1,545,782	2.0%	
02207 Cranes Operators	427,021	0	0	0	427,021	0.6%	
02258 Employment Security Account	8,115,175	0	0	0	8,115,175	10.5%	
02263 Subsequent Injury Admin	152,845	0	0	0	152,845	0.2%	
02315 DLI Info Exchange/Rental	12,178	0	0	0	12,178	0.0%	
02346 Contractor Registration	4,275,300	0	0	0	4,275,300	5.5%	
02347 Safety Administration Fund	5,019,319	0	0	0	5,019,319	6.5%	
02446 Psychologists	227,204	0	0	0	227,204	0.3%	
02448 Building Codes State Spec Rev	12,929,002	0	0	0	12,929,002	16.7%	
02455 Workers' Comp Regulation	10,792,330	0	0	0	10,792,330	14.0%	
02460 Underground Facility Protect	0	0	0	256,879	256,879	0.3%	
02580 Athletic Trainers	59,852	0	0	0	59,852	0.1%	
02679 Massage Therapists	357,436	0	0	0	357,436	0.5%	
02767 Elevators	1,603,693	0	0	0	1,603,693	2.1%	
02805 Weights & Measures Bureau	4,421,971	0	0	0	4,421,971	5.7%	
02809 Speech Pathologists	228,110	0	0	0	228,110	0.3%	
02810 Radiologic Technologists	405,686	0	0	0	405,686	0.5%	
02811 Clinical Laboratory Practition	196,658	0	0	0	196,658	0.3%	
02812 Physical Therapists	394,211	0	0	0	394,211	0.5%	
02813 Nursing Home Admin	123,370	0	0	0	123,370	0.2%	
02814 Hearing Aid Dispensers	77,886	0	0	0	77,886	0.1%	
02816 Sanitarians	72,489	0	0	0	72,489	0.1%	
02818 Electrical	1,004,846	0	0	0	1,004,846	1.3%	
02819 Realty Regulations	1,275,822	0	0	0	1,275,822	1.7%	
02820 Architects/Landscape Architect	373,018	0	0	0	373,018	0.5%	
02821 Funeral Service	396,230	0	0	0	396,230	0.5%	
02822 Chiropractors	203,229	0	0	0	203,229	0.3%	
02823 Professional Engineers	602,097	0	0	0	602,097	0.8%	
02824 Medical Examiners	2,967,259	0	0	0	2,967,259	3.8%	
02826 Barbers & Cosmetologists	2,613,115	0	0	0	2,613,115	3.4%	
02828 Plumbers	667,350	0	0	0	667,350	0.9%	
02829 Private Investigator	533,187	0	0	0	533,187	0.7%	
02830 Dentistry	748,238	0	0	0	748,238	1.0%	
02831 Optometrists	94,683	0	0	0	94,683	0.1%	
02832 Pharmacy	1,855,032	0	0	0	1,855,032	2.4%	
02833 Nursing	4,005,280	0	0	0	4,005,280	5.2%	
02834 Veterinarians	380,328	0	0	0	380,328	0.5%	
02840 Behavioral Health	1,825,350	0	0	0	1,825,350	2.4%	
02852 Alternative Health Care	130,168	0	0	0	130,168	0.2%	
02854 Real Estate Appraisers	444,572	0	0	200,000	644,572	0.8%	
02855 Respiratory Care	212,980	0	0	0	212,980	0.3%	
02859 Genetic Counselors	71,723	0	0	0	71,723	0.1%	
02870 Property Manager Licensing	259,083	0	0	0	259,083	0.3%	
02941 Uninsured Employer Fund	1,789,169	0	0	950,368	2,739,537	3.5%	
State Special Total	\$75,832,871	\$0	\$0	\$1,407,247	\$77,240,118	92.0%	
03122 EEOC	506,173	0	0	0	506,173	17.0%	
03130 Coal Mine Safety	450,500	0	0	0	450,500	15.1%	
03131 OSHA Stat Prgm Fed.St Sdy	280,717	0	0	0	280,717	9.4%	
03195 On-Site Consultation	1,392,751	0	0	0	1,392,751	46.7%	
03293 Country of Origin Labeling	41,344	0	0	0	41,344	1.4%	
03985 Data Management Unit Grant	312,958	0	0	0	312,958	10.5%	
Federal Special Total	\$2,984,443	\$0	\$0	\$0	\$2,984,443	3.6%	
06040 Subsequent Injury-Trust Fund	0	0	3,056,752	0	3,056,752	83.3%	
06086 Public Accountants	0	0	0	614,578	614,578	16.7%	
Proprietary Total	\$0	\$0	\$3,056,752	\$614,578	\$3,671,330	4.4%	
Total All Funds	\$78,897,609	\$0	\$3,056,752	\$2,021,825	\$83,976,186		

Non-Budgeted Proprietary Funds

Within the Employment Standards Division (ESD), there is one non-budgeted proprietary fund. The subsequent injury fund is 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. Although the board of public accountants is a proprietary fund, it is statutorily appropriated and discussed within the HB 2 budget analysis.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Benefits & Claims	1,013,483	1,499,728	1,503,328	1,503,328	1,503,328
Transfers	29,368	28,648	25,048	25,048	25,048
Total Expenditures	\$1,042,851	\$1,528,376	\$1,528,376	\$1,528,376	\$1,528,376
Proprietary Funds	1,042,851	1,528,376	1,528,376	1,528,376	1,528,376
Total Funds	\$1,042,851	\$1,528,376	\$1,528,376	\$1,528,376	\$1,528,376
Total Ongoing	\$1,042,851	\$1,528,376	\$1,528,376	\$1,528,376	\$1,528,376
Total OTO	\$0	\$0	\$0	\$0	\$0

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.

FY 2024 Appropriations Compared to FY 2024 Expenditures

The subsequent injury fund utilized 68.2% of its FY 2024 appropriations with the majority of these being within benefits and claims, with a small portion being in transfers. Non-budgeted proprietary funds often experience a lower percent expended due to the expenditures being based upon the amount in benefits needing to be paid. More detail on the expenditures being paid from this fund can be found below.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Appropriations within FY 2025 are identical to that of FY 2024.

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name	Actual FY 2024	Budget FY 2025	Proposed FY 2026	Proposed FY 2027
06040	Subsequent Injury- Trust Fund	66020	Dept of Labor and Industry	Employment Standards Division				
Operating Revenues								
Fees and Charges								
Fee Revenue A	Subsequent Injury Fund Assessment (and Surcharge)				1,826,448	1,543,376	1,543,376	1,543,376
Other Operating Revenues								
Revenue A	Investment Earnings				67,979	25,000	25,000	25,000
Revenue B	Securities Lending Income							
Revenue C	Other Operating Revenues							
Total Operating Revenues					<u>1,894,426</u>	<u>1,568,376</u>	<u>1,568,376</u>	<u>1,568,376</u>
Expenses								
Personal Services								
Other Operating Expense								
Expense A	Benefits and Claims				680,858	1,528,376	1,528,376	1,528,376
Total Operating Expense					<u>680,858</u>	<u>1,528,376</u>	<u>1,528,376</u>	<u>1,528,376</u>
Operating Income (Loss)					<u>1,213,568</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Nonoperating Revenues								
Other Revenue A								
Nonoperating Expenses								
Other Expense A								
Total Nonoperating Revenues (Expenses)					-	-	-	-
Income (Loss) Before Contributions and Transfers					<u>1,213,568</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Capital Contributions								
Transfers In								
Transfers Out					(29,368)	(25,048)	(25,048)	(25,048)
Loans and Lease Payments								
Change in Net Position					<u>1,184,201</u>	<u>14,952</u>	<u>14,952</u>	<u>14,952</u>
Beginning Net Position - July 1					(1,198,661)	(14,460)	492	15,444
Prior Period Adjustments								
Change in Net Position					<u>1,184,201</u>	<u>14,952</u>	<u>14,952</u>	<u>14,952</u>
Ending Net Position - June 30					<u>(14,460)</u>	<u>492</u>	<u>15,444</u>	<u>30,396</u>
Net Position (Fund Balance) Analysis								
Restricted Net Position (Enterprise Funds Only)								
Unrestricted Net Position								

Expenditures

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 Rates

The executive proposes changes to Plan 1 and Plan 3 of the SIF proprietary rates when compared to the FY 2025 base rates. These changes are based upon the estimated rates for FY 2025. The figure below shows the rates proposed by the executive for the 2027 biennium. 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:

This program is funded with an enterprise fund, which is a type of a 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.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Reviewed FY 2024	Reviewed FY 2025	Proposed FY 2026	Proposed FY 2027
Plan I - Insureds (Admin costs & benefits paid to certified claimants)	\$ 250,566	\$ 250,566	\$ 231,048	\$ 231,048
Plan III - Old Insureds (Admin costs & benefits paid to certified claimants)	20,033	20,033	9,619	9,619
Plan II & III - (surcharge) (Admin costs & benefits paid to certified claimants)	\$ 1,232,729	\$ 1,232,729	\$ 1,327,709	\$ 1,327,709

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	29.00	29.00	29.00	0.00	0.0%	
Proprietary Funds	11,158,692	11,195,117	11,200,357	78,090	0.3%	
Total Funds	11,158,692	11,195,117	11,200,357	78,090	0.3%	
Personal Services	3,154,711	3,193,719	3,198,869	83,166	1.3%	
Operating Expenses	7,148,104	7,145,521	7,145,611	(5,076)	(0.0%)	
Debt Service	855,877	855,877	855,877		0.0%	
Total Expenditures	11,158,692	11,195,117	11,200,357	78,090	0.3%	
Total Ongoing	11,158,692	11,195,117	11,200,357	78,090	0.3%	
Total One-Time-Only					0.0%	

Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Technology Services Division’s 2027 biennium proposed non-budgeted proprietary appropriations are approximately \$78,000 or 0.3% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ An increase in personal services funding of \$83,000 in the upcoming biennium for the statewide present law adjustment for personal services • Proposed increase in the internal services fund rates for the technical services fund and the technical services direct fund <ul style="list-style-type: none"> ◦ The technical services fund provides support for staff developing and testing department applications ◦ The technical services direct fund increase is all within the enterprise rate for fund passed through to the State Information Technology Services Division

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Technology Services Division 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	11,158,692	99.7%	0	0	0	11,158,692	99.6%
Statewide PL										
Personal Services	0	0	0	39,008	0.3%	0	0	0	44,158	0.4%
Fixed Costs	0	0	0	(2,583)	(0.0%)	0	0	0	(2,493)	(0.0%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	36,425	0.3%	0	0	0	41,665	0.4%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Adjustments	0	0	0	36,425	0.3%	0	0	0	41,665	0.4%
Total Requested Budget	0	0	0	11,195,117		0	0	0	11,200,357	

Funding

The following table shows proposed program 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	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06568 Technical Services	0	0	7,761,942	0	7,761,942	34.7%	
06578 Technical Services Direct	0	0	14,633,532	0	14,633,532	65.3%	
Proprietary Total	\$0	\$0	\$22,395,474	\$0	\$22,395,474	100.0%	
Total All Funds	\$0	\$0	\$22,395,474	\$0	\$22,395,474		

Non-Budgeted Proprietary Funds

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 Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	29.00	29.00	29.00	29.00
Personal Services	2,510,341	3,398,455	3,154,711	3,193,719	3,198,869
Operating Expenses	9,690,232	10,772,900	7,148,104	7,145,521	7,145,611
Debt Service	798,179	798,513	855,877	855,877	855,877
Total Expenditures	\$12,998,752	\$14,969,868	\$11,158,692	\$11,195,117	\$11,200,357
Proprietary Funds	12,998,752	14,969,868	11,158,692	11,195,117	11,200,357
Total Funds	\$12,998,752	\$14,969,868	\$11,158,692	\$11,195,117	\$11,200,357
Total Ongoing	\$12,998,752	\$14,969,868	\$11,158,692	\$11,195,117	\$11,200,357
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Technology Services Division has two non-budgeted proprietary funds:

- Technical and Application Services - provides services related to staff who program, test, and analyze the department's applications
- Technical Services Direct – 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 PB. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division

FY 2024 Appropriations Compared to FY 2024 Expenditures

The TSD is funded solely through non-budgeted proprietary funding. The division expended 86.8% of their \$15.0 million appropriations. Expenditures within this division are concentrated within personal services and operating expenses with personal services being 73.9% expended and operating expenses being 90.0%. As the agency experienced vacancies in information technology (IT) positions due to difficulty in hiring, this caused a lower percent expended within personal services. Personal services expenditures for this division are all in the technical services fund with the majority of the operating expenses being in the technical services direct fund.

FY 2024 Appropriations Compared to FY 2025

Appropriations within the Technology Services Division are 25.5% less in FY 2025 compared to the of FY 2024. This difference is largely due to the division requesting an increase in operating expenses budget throughout FY 2024 to properly record expenses. This increase in operating expenses in FY 2024 was to record accrued IT contract expenditures within the technical services direct fund.

Technical and Application Services – Fund 06568

Proprietary Program Revenues and Expenses

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

2027 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 FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
Operating Revenues				
Fees and Charges				
Non Federal Ind Cost Recovery	3,053,938	3,325,488	3,980,720	3,922,610
Federal Indirect Cost Recoveries	25,520	175,026	315,000	315,000
Other Operating Revenues				
Total Operating Revenues	<u>3,079,458</u>	<u>3,500,514</u>	<u>4,295,720</u>	<u>4,237,610</u>
Expenses				
Personal Services	2,539,617	3,154,711	3,193,719	3,198,869
Other Operating Expense	453,259	585,321	582,738	582,828
Expense A				
Expense B				
Expense C				
Transfers				
Total Operating Expense	<u>2,992,876</u>	<u>3,740,032</u>	<u>3,776,457</u>	<u>3,781,697</u>
Operating Income (Loss)	<u>86,582</u>	<u>(239,518)</u>	<u>519,263</u>	<u>455,913</u>
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>86,582</u>	<u>(239,518)</u>	<u>519,263</u>	<u>455,913</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(710)	(101,894)	(101,894)	(101,894)
Change in Net Position	<u>85,872</u>	<u>(341,412)</u>	<u>417,369</u>	<u>354,019</u>
Beginning Net Position - July 1	107,071	194,125	(147,287)	270,082
Prior Period Adjustments	1,182			
Change in Net Position	85,872	(341,412)	417,369	354,019
Ending Net Position - June 30	<u>194,125</u>	<u>(147,287)</u>	<u>270,082</u>	<u>624,101</u>
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

The major expenses for this fund consist of the personal services for 34.00 PB, with an estimated \$3.2 million in personal services expense proposed in FY 2026 and FY 2027. The remaining \$583,000 in expenditures lies within 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

The executive proposes an increase to the technical services proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Proposed FY 2026	Proposed FY 2027
Fee Description:				
Application Rate	\$ 104	\$ 104	\$ 120	\$ 120
Technical Services Rate	0	0	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.

Technical Services Direct – Fund 06578

Proprietary Program Revenues and Expenses

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

2027 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 FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
Operating Revenues				
Fees and Charges				
Non Federal Ind Cost Recovery	7,899,228	6,267,002	6,267,002	6,267,002
Federal Indirect Cost Recovery	1,323,172	1,049,764	1,049,764	1,049,764
Other Operating Revenues				
Total Operating Revenues	9,222,400	7,316,766	7,316,766	7,316,766
Expenses				
Personal Services				
Other Operating Expense	9,210,152	7,316,766	7,316,766	7,316,766
Total Operating Expense	9,210,152	7,316,766	7,316,766	7,316,766
Operating Income (Loss)	12,247	-	-	-
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	12,247	-	-	-
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(12,247)			
Change in Net Position	0	-	-	-
Beginning Net Position - July 1	(0)	0	0	0
Prior Period Adjustments				
Change in Net Position	0	-	-	-
Ending Net Position - June 30	0	0	0	0
Net Position (Fund Balance) Analysis				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

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 State Information Technology Services Division (SITSD) charges that directly benefit the department. Those total costs are distributed based on department PB. 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

The executive proposes an increase to the technical services direct proprietary rate when compared to the FY 2025 base rates. This increase is within the enterprise rate of funding passed through to SITSD The figure below shows the rates proposed by the executive for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Proposed FY 2026	Proposed FY 2027
Fee Description:				
Enterprise	\$ 3,098,763	\$ 3,104,826	\$ 3,546,886	\$ 3,513,016
Direct Services	Actual Cost	Actual Cost	Actual Cost	Actual Cost

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.

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.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	39,008	0.00	0	0	0	44,158
DP 2 - Fixed Costs	0.00	0	0	0	(2,583)	0.00	0	0	0	(2,493)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$36,425	0.00	\$0	\$0	\$0	\$41,665

**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 proposes adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The executive proposes adjustments to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

DP 3 - Inflation Deflation -

The executive proposes adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.