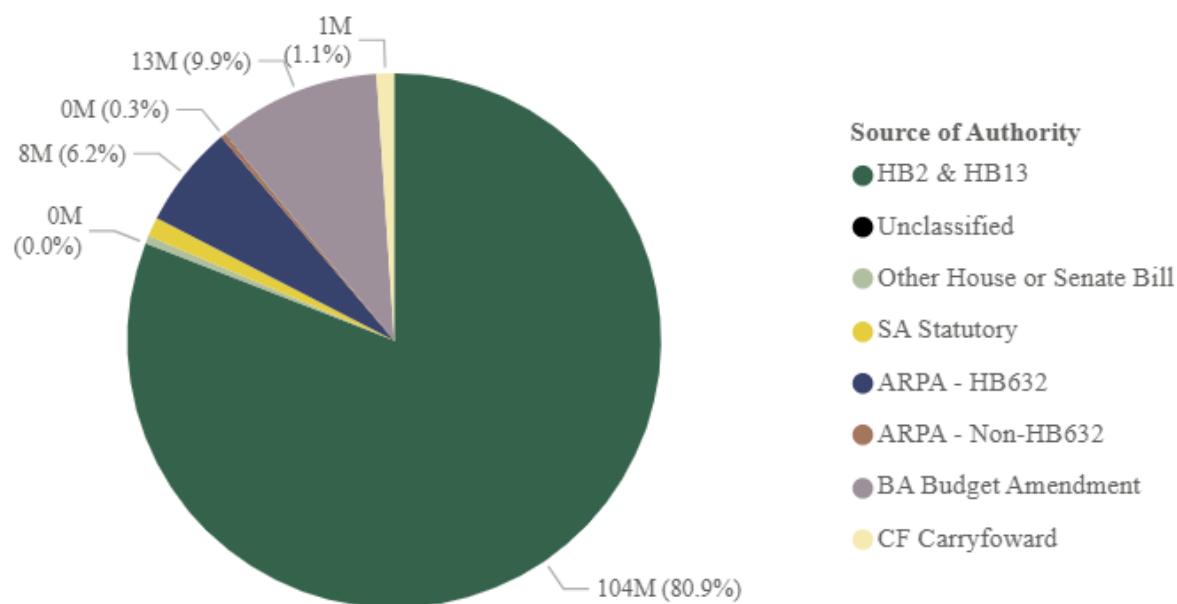


DEPARTMENT OF LABOR AND INDUSTRY

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Labor and Industry (DOLI) is shown in the pie chart below. HB 2 and HB 13 provide 80.9% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expenditure	% Expenditure	
HB2 & HB13	104,233,597	32,590,249	31.3%	<div style="width: 31.3%; background-color: #2e6b2e; height: 10px;"></div>
BA Budget Amendment	12,686,596	940,027	7.4%	<div style="width: 7.4%; background-color: #2e6b2e; height: 10px;"></div>
ARPA	8,385,635			
SA Statutory	1,510,234	744,610	49.3%	<div style="width: 49.3%; background-color: #2e6b2e; height: 10px;"></div>
CF Carryforward	1,372,923	448,416	32.7%	<div style="width: 32.7%; background-color: #2e6b2e; height: 10px;"></div>
Other House or Senate Bill	601,000			
Unclassified	5,273			
Total	128,795,258	34,723,302	27.0%	

Budget Amendments

Within the Department of Labor and Industry exists \$12.7 million in budget amendment authority. This authority includes federal authority for Partners for Reentry Opportunities in Workforce Development awards, National Dislocated Worker Grants, and maximus job development. The largest portion of budget amendment authority is federal authority relating to a State Apprenticeship Expansion grant (\$4.0 million), expiring June 30, 2028. This grant will be distributed to qualifying educator preparation programs with this process projected to begin in March of 2026. As of November 30, 2025, the agency has expended \$940,000, or 7.4%, of this authority.

COVID-19 Authority

The Department of Labor and Industry has \$8.4 million in COVID-19 authority in FY 2026 with \$386,000 of this expiring on December 31, 2025, and the remaining \$8.0 million set to expire on September 30, 2028. The entirety of these appropriations are from the American Rescue Plan Act (ARPA) in 2021 with the \$8.0 million portion of the appropriations being designated for information technology (IT) modernization, such as the Montana Unemployment System Environment (MUSE).

Statutory Appropriations

Statutory appropriations account for 1.2% of the Department of Labor and Industry's total FY 2026 budget. Of the approximately \$1.5 million budgeted, \$745,000, or 49.3%, has been expended. Further discussion of statutory appropriations is provided below.

Uninsured Employer Fund (UEF; 39-71-503, MCA)

The UEF is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receive full workers' compensation benefits. This fund receives revenues from the department's collection of penalties from uninsured employers. For FY 2026, \$900,000 has been appropriated for the UEF with \$514,000 being expended as of the end of November 2025.

Board of Public Accountants (2-15-1756, MCA)

The Board of Public Accountants is responsible for regulating certified public accountants and their firms to ensure they are compliant with the professional standards and the laws set by the State of Montana. Approximately \$307,000 has been appropriated in FY 2026, and \$155,000 has been expended as of the end of November 2025.

Underground Facility Protection Program (69-4-520, MCA)

The Underground Facility Protection Program was created in 2017 when HB 365 became law. The statute requires that the Department of Labor and Industry have a program that monitors, maintains records, and issues civil penalties for incidents where underground facilities are damaged during excavations. In FY 2026, \$128,000 has been appropriated with approximately 35.4% being expended as of November 30, 2025.

Board of Real Estate Appraisers (2-15-1758, MCA)

Due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, every state was required to establish an agency for the licensure, certification, and regulation of real estate appraisers. Of the \$100,000 that has been appropriated in FY 2026, 28.1% has been expended as of the end of November 2025.

Contingent Litigation Fund (HB 227)

The Contingent Litigation Fund was established through HB 227 of the 2025 session. This bill statutorily appropriated a newly created state special revenue fund to the Department of Labor and Industry. Revenue into this fund is provided by an additional fee charged to licensees at the time of issuance or renewal. This fund is utilized to pay legal fees and costs associated with disciplinary proceedings regarding a license issued by a licensing board outlined in 2-15-17, MCA. Appropriations for this fund are currently \$75,000, with \$2,000 being expended as of November 2025.

Carryforward

Carryforward authority in FY 2026 for the Department of Labor and Industry totals \$1.4 million. This authority is centralized in the Commissioner's Office and Centralized Services Division (CSD) with the majority being in operating expenses. As of November 30, 2025, the agency expended \$448,000 of this authority with this being split between operating expenses (\$387,000) and debt service (\$61,000). The operating expenses were used towards office supplies, while the debt service expenditures went towards lease payments.

Other Bills

The Department of Labor and Industry has \$601,000 in authority primarily from HB 832 of the 2025 Session. This appropriation provides one-time-only, biennial general fund for a training grant program for posttraumatic stress disorder therapies. As of November 30, 2025, there have not been any expenditures from this source of authority. The agency is currently in the process of choosing a contractor to implement the provisions in this bill.

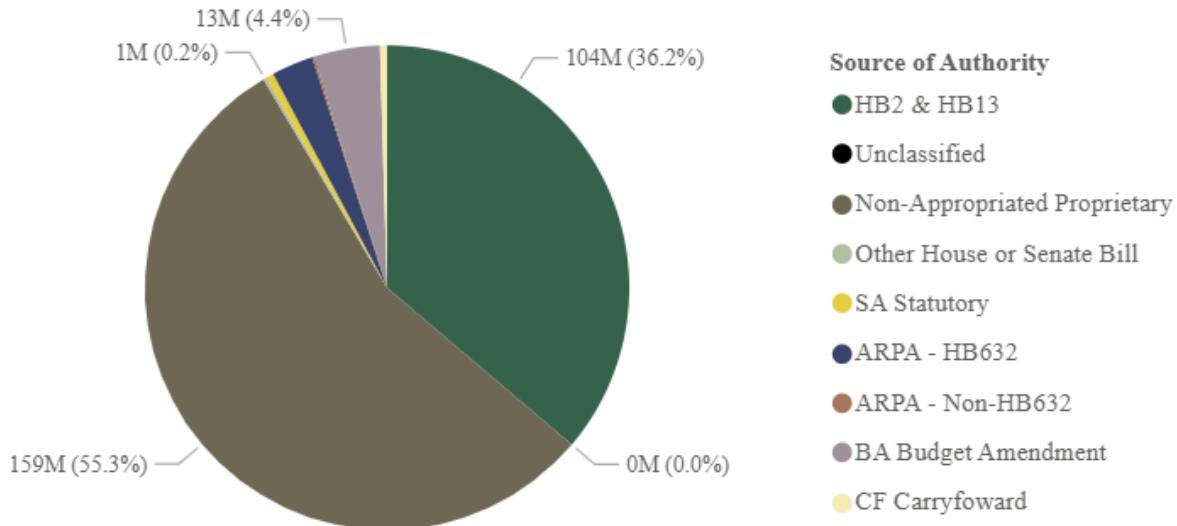
Unclassified

The Department of Labor and Industry has unclassified appropriation authority of \$5,273 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. The reductions are included in the accounting system as unclassified authority that will not be spent by the agency.

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart, as the expenditures are not appropriated.

Modified Budget & Expended Budget by Source of Authority



Source of Authority

Source of Authority	Modified Budget	Expended Budget	% Expended
Non-Appropriated Proprietary	159,157,643	49,202,201	30.9%
HB2 & HB13	104,233,597	32,590,249	31.3%
BA Budget Amendment	12,686,596	940,027	7.4%
ARPA	8,385,635		
SA Statutory	1,510,234	744,610	49.3%
CF Carryforward	1,372,923	448,416	32.7%
Other House or Senate Bill	601,000		
Unclassified	5,273		
Total	287,952,901	83,925,503	29.1%

Non-Budgeted Proprietary Fund Authority

The Department of Labor and Industry has approximately \$159.2 million in non-budgeted proprietary funding for FY 2026, of which \$49.2 million, or 30.9%, has been expended through November of 2025. The unemployment insurance (UI) tax benefit fund, which distributes UI benefits to claimants, makes up \$137.0 million of the non-budgeted proprietary funding. Remaining authority is for the Commissioner's Office/Centralized Services Division, Subsequent Injury Trust Fund, Technology Services Division, and the Montana Career Information System. The table below shows the budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary funds for FY 2026.

Department of Labor and Industry Non-Budgeted Proprietary Appropriations and Expenditures FY 2026, as of November 2025					
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended	
Unemployment Insurance Tax Benefit Fund	\$ 136,989,668	\$ 40,277,635	\$ 96,712,033	29.4%	
Technical Services Direct	7,316,766	3,493,476	3,823,290	47.7%	
Commissioner's Office/Centralized Services Division	5,340,810	2,064,392	3,276,418	38.7%	
Legal Administrative Services	4,622,393	1,685,855	2,936,538	36.5%	
Technical Services	3,357,880	1,309,118	2,048,762	39.0%	
Subsequent Injury Trust Fund	1,528,376	371,724	1,156,652	24.3%	
Montana Career Information System	1,750	-	1,750	0.0%	
Total	\$ 159,157,643	\$ 49,202,201	\$ 109,955,442	30.9%	

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB modified budget through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
Labor & Industry	104,238,138	104,233,597	-4,541
01 WORKFORCE SERVICES DIVISION	37,237,276	37,237,276	0
02 UNEMPLOYMENT INSURANCE DIV	19,679,143	19,553,060	-126,083
03 COMMISSIONERS OFFICE & CSD	1,861,424	1,986,137	124,713
05 EMPLOYMENT STANDARDS DIVISION	40,435,116	40,431,945	-3,171
07 OFFICE OF COMMUNITY SERVICES	4,525,179	4,525,179	0
09 WORKERS COMPENSATION COURT	500,000	500,000	
Total	104,238,138	104,233,597	-4,541
Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	56,991,355	56,986,814	-4,541
62000 Operating Expenses	33,181,868	33,130,868	-51,000
63000 Equipment & Intangible Assets	833,849	833,849	
66000 Grants	11,386,608	10,899,619	-486,989
67000 Benefits & Claims	100,389	100,389	
68000 Transfers-out	447,333	1,045,322	597,989
69000 Debt Service	1,296,736	1,236,736	-60,000
Total	104,238,138	104,233,597	-4,541
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	893,243	893,080	-163
02 State/Other Spec Rev	65,518,417	65,515,409	-3,008
03 Fed/Other Spec Rev	37,826,478	37,825,108	-1,370
Total	104,238,138	104,233,597	-4,541

The Department of Labor and Industry made numerous budget modifications between July 1, 2025, and November 30, 2025. The first of these changes transferred 1.82 positions budgeted in FY 2026 and 2.00 PB in FY 2027 from the Unemployment Insurance Division to the Commissioner's Office and CSD. The PB transferred, along with the \$125,000 in FY 2026 and \$129,000 in FY 2027 appropriations, will be used in the Office of Administrative Hearings to aid in the hearing process for those denied unemployment insurance benefits.

Another substantial modification made by the agency was the movement of grants expenditure authority to transfers, specifically in the Office of Community Services. This modification transferred \$487,000 between the expenditure types to fulfill awards to the Department of Fish, Wildlife, and Parks, Montana Department of Agriculture, and the Montana State Library for AmeriCorps Service contracts. Additional modifications occurred in the Unemployment Insurance Division and Employment Standards Division with the movement of appropriations out of operating expenses and debt service into transfers to properly pay invoices.

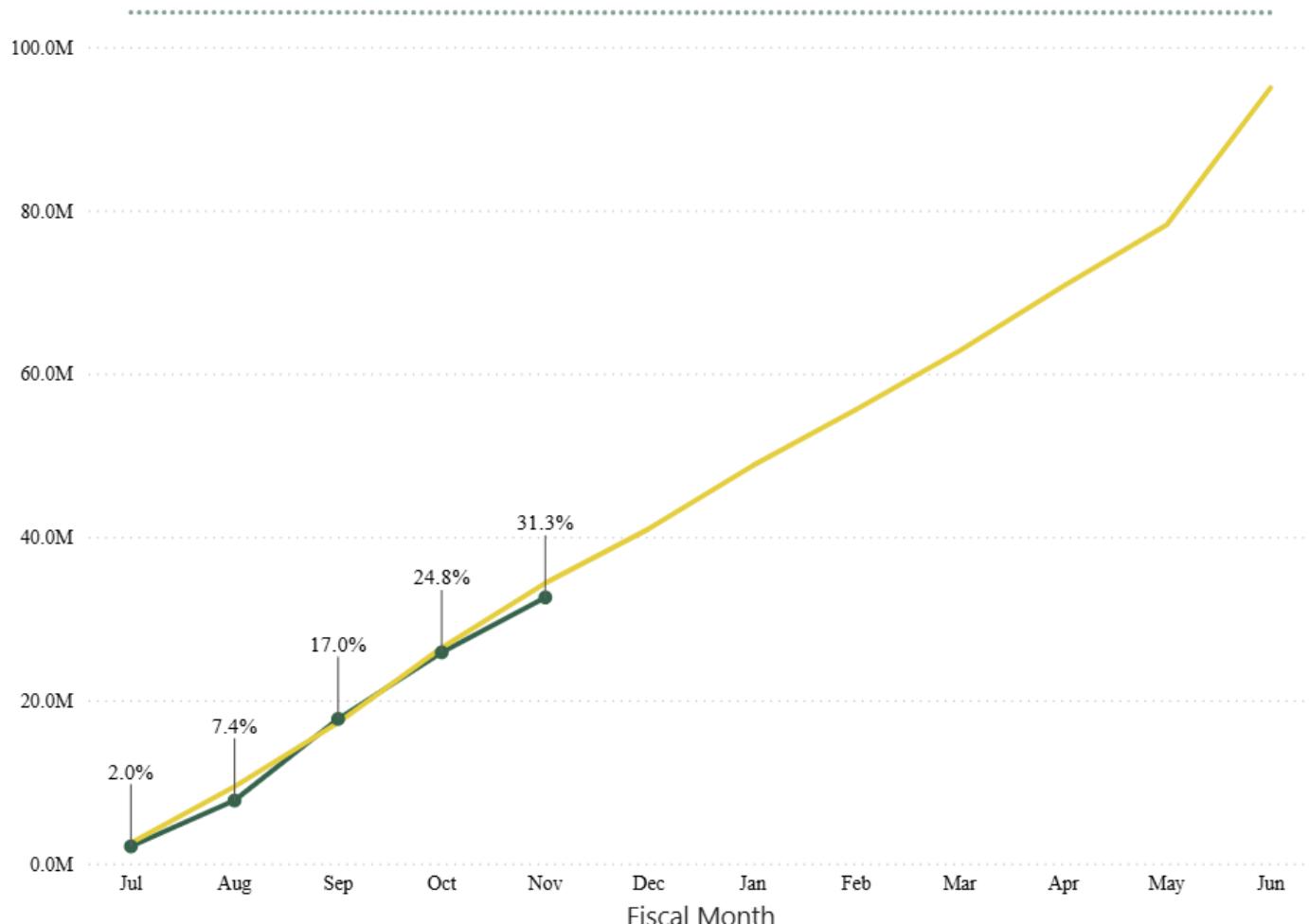
The final modification is for workers' compensation adjustments across multiple divisions. This is explained within the Unclassified section above.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

Monthly Expenditures Compared to Historical Average

● FY 2026 Budget ● Cumulative Monthly FY 2026 Expenditures ● Cumulative Historical Monthly Average Expended



Program Name	Modified Budget	Expend Budget	% Expended
01 WORKFORCE SERVICES DIVISION	37,237,276	10,052,725	27.0%
02 UNEMPLOYMENT INSURANCE DIV	19,553,060	6,187,542	31.6%
03 COMMISSIONERS OFFICE & CSD	1,986,137	445,786	22.4%
05 EMPLOYMENT STANDARDS DIVISION	40,431,945	15,045,385	37.2%
07 OFFICE OF COMMUNITY SERVICES	4,525,179	858,665	19.0%
09 WORKERS COMPENSATION COURT	500,000	146	0.0%
Total	104,233,597	32,590,249	31.3%
Expenditure Type	Modified Budget	Expend Budget	% Expended
Personal Services	56,986,814	19,697,438	34.6%
Operating Expenses	33,130,868	10,556,154	31.9%
Equipment & Intangible Assets	833,849	24,580	2.9%
Grants	10,899,619	1,859,515	17.1%
Benefits & Claims	100,389	8,400	8.4%
Transfers-out	1,045,922	46,390	4.4%
Debt Service	1,236,136	397,772	32.2%
Total	104,233,597	32,590,249	31.3%
Fund Type	Modified Budget	Expend Budget	% Expended
01 General	893,080	181,213	20.3%
02 State/Other Spec Rev	65,515,409	20,223,798	30.9%
03 Fed/Other Spec Rev	37,825,108	12,185,239	32.2%
Total	104,233,597	32,590,249	31.3%

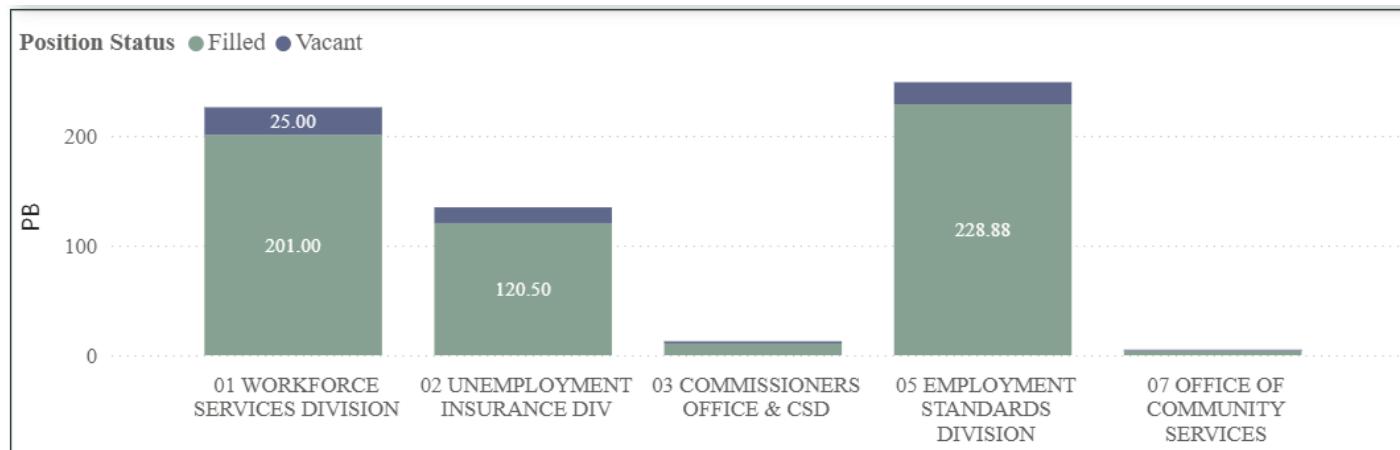
The Department of Labor and Industry expended 31.3% of their FY 2026 HB 2 appropriation as of the end of November 2025. As shown in the above graph, this aligns closely with the average for this point in the fiscal year. Within the Workforce Services and Unemployment Insurance Divisions, the percent expended of their HB 2 appropriation mirrors the expected level of appropriation. Within the Commissioner's Office and CSD, lower percent expended is primarily due to the timing of invoices, such as invoices for the State Information Technology Services Division (SITSD). The Office of Community Services has a lower percent expended due to the timing of federal funding becoming available.

In looking at expenditure types within HB 2 appropriations, the majority is centralized within personal services and operating expenses. As of November 30, 2025, these expenditure types are similar to what is expected at this point in the fiscal year. Within personal services, the two divisions with the largest portion of these appropriations are the Workforce Services Division (\$19.7 million) and Employment Standards Division (\$24.0 million). These two divisions have expended 32.5% and 36.5% of their personal services appropriations, respectively. At the fund level, both state special revenue and federal special revenue appropriations are similar to the anticipated percent expended at this point in the fiscal year, with general fund being slightly lower. According to the agency, the department intends to maximize their reversion of general fund appropriations by using other sources of funding when available.

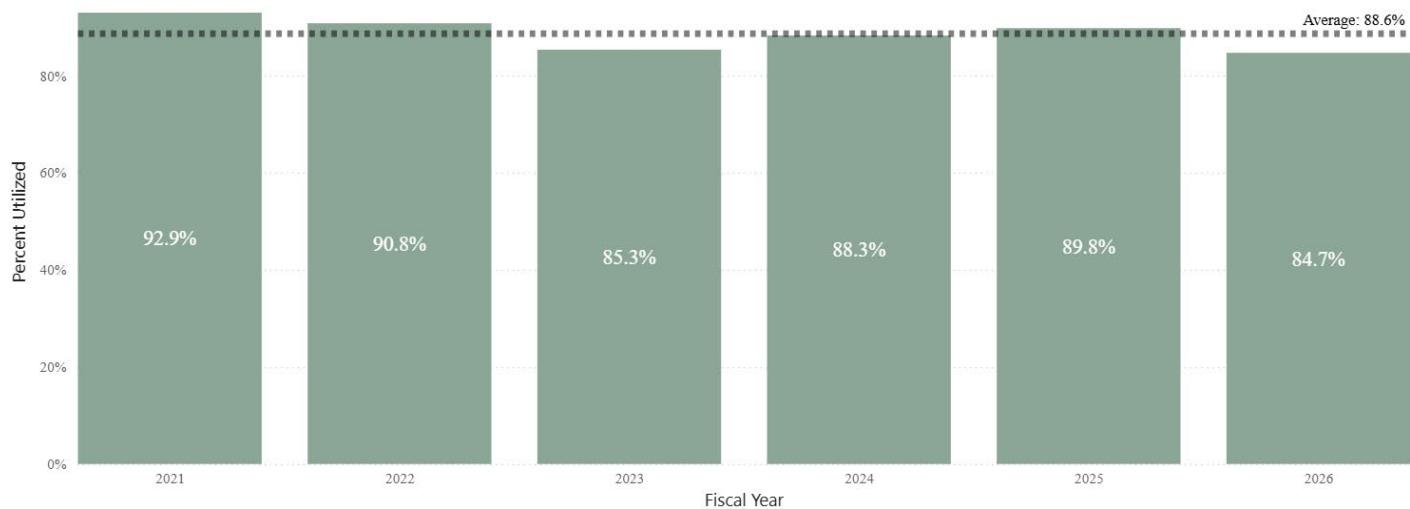
In the 2025 session, HB 2 included language for the implementation of HB 516 in both the Department of Labor and Industry and the Judicial Branch (JUD) to move the Workers' Compensation Court from DOLI to JUD. The DOLI included an increase of \$500,000 for information technology costs and a reduction of 5.00 PB. The Judicial Branch included an increase of the operational costs of the Workers' Compensation Court (\$726,421 in FY 2026 and \$727,178 in FY 2027) and an increase in 5.00 PB but did not include the increase of \$500,000 for information technology costs. When implementing the appropriations in the accounting system, the executive established the \$500,000 appropriation for information technology and reduced the operational appropriations of approximately \$727,000 each fiscal year in the DOLI.

Personal Services

Appropriations for personal services in the Department of Labor and Industry totaled \$57.0 million and were 34.6% expended through November 30, 2025. The department has 627.38 HB 2 PB, excluding aggregate positions, and 90.1% of these positions were filled as of November 1, 2025. The following chart shows the filled and vacant PB within the agency as of November 1, 2025.



The chart below shows the hourly utilization percentage for the Department of Labor and Industry for FY 2026, when compared to the available hours for previous fiscal years. Overall, the department utilized 84.7% of the hours budgeted through November 1, 2025. This is slightly below the five-year average of 88.6% utilization.



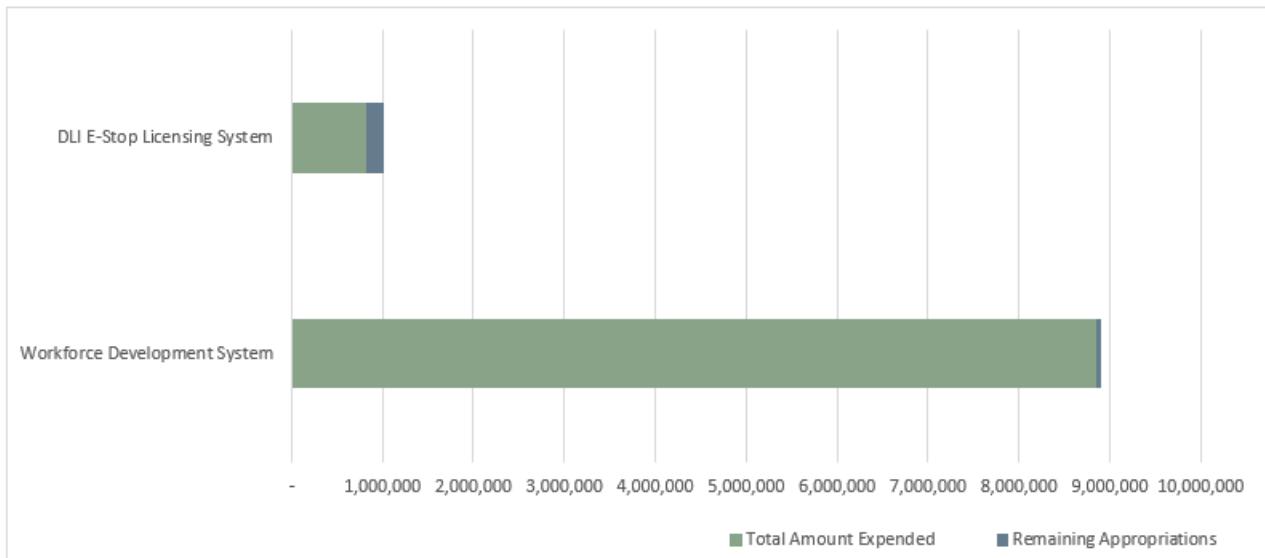
The chart below shows the vacant PB in each division, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 62.26 PB that are vacant, 11.18 PB have been vacant for more than one year. According to the agency, as positions become vacant, divisions within the agency are analyzing both external aspects impacting the needs of the agency as well as efficiencies through technology. As operational assessments on software modernization and analysis on the needs of the agency are completed, these aspects often lead to longer vacancies within the division. Also incorporated into vacant positions is the agency's consideration of vacancy savings.

Vacancies within the agency are relatively spread across the Workforce Services Division, Unemployment Insurance Division, and Employment Standards Division. In looking specifically at the Employment Standards Division, the agency is currently assessing the different programs within the division to find efficiencies following changes made through the legislative session.

	PB	Median Months Vacant	Market Midpoint (Hourly)
☒ 66020 LABOR AND INDUSTRY	62.26	4.48	34.19
☒ 01 WORKFORCE SERVICES DIVISION	25.00	4.59	34.19
Administrative Specialist 1	1.00	4.03	26.38
Administrative Specialist 2	5.00	8.26	34.41
Administrative Specialist 3	1.00	3.67	43.02
Business Analyst 2	1.00	16.98	34.19
Business Analyst 3	1.00	7.34	42.74
Deputy Administrator	1.00	1.93	64.01
Economist 2	1.00	2.30	47.45
Employment Specialist 1	8.00	4.13	20.94
Employment Specialist Supvr	1.00	1.84	23.03
Policy Analyst 1	1.00	4.03	39.45
Program Specialist 1	1.00	8.03	27.86
Project Management Specialist3	1.00	16.52	47.69
Research Analyst 1	1.00	25.02	27.63
Research Analyst 3	1.00	4.95	38.50
☒ 02 UNEMPLOYMENT INSURANCE DIV	14.35	4.59	28.39
Accounting Supervisor	0.17	1.84	34.56
Administrative Law Judge 2	0.18	19.84	47.60
BAM Auditor	1.00	2.75	34.04
Business Analyst 2	1.00	27.48	34.19
Claims Examiner	1.00	12.39	28.39
Claims Examiner 1	5.00	2.30	18.85
Claims Examiner 2	1.00	4.13	28.39
Collections Agent 2	1.00	19.74	21.95
Customer Service Assistant 3	1.00	11.97	20.09
Monetary Examiner	1.00	3.25	35.49
Office Manager	1.00	7.80	21.48
Tax Examiner 3	1.00	15.77	35.94
☒ 03 COMMISSIONERS OFFICE & CSD	1.91	3.16	42.84
Administrative Law Judge 2	0.91	4.03	47.60
Hearings Officer	1.00	2.30	38.08
☒ 05 EMPLOYMENT STANDARDS DIVISION	20.00	5.05	35.23
Administrative Supervisor	2.00	7.89	40.00
BSD Analyst	1.00	5.05	38.50
Building Code Inspector 1	1.00	0.23	30.87
Claims Examiner 3	1.00	10.95	35.49
Compliance Investigator 1	1.00	32.13	35.23
Compliance Specialist 1	1.00	23.87	26.76
Compliance Specialist 2	2.00	3.21	34.04
Compliance Specialist 3	2.00	9.80	42.55
Compliance Technician 1	1.00	3.21	22.07
Mine Safety Insp & Trainer	1.00	1.97	34.45
Program Executive	2.00	20.31	64.01
Program Specialist 1	2.00	5.74	27.86
Safety Compliance Specialist	1.00	8.26	34.45
Safety Supervisor	1.00	3.21	37.90
W & M Inspector	1.00	2.75	34.04
☒ 07 OFFICE OF COMMUNITY SERVICES	1.00	0.92	29.91
Training Specialist	1.00	0.92	29.91
Total	62.26	4.48	34.19

OTHER ISSUES

Information Technology Project Expenditures



Workforce Development System

The purpose of this project is to build and implement a workforce development case management system on the ServiceNow platform, which will replace the legacy workforce case management system. The back-office portion of this project became live in August 2024 with the public-facing aspects coming online in May 2025. The project is currently in its closing stages with the agency expending 99.6% of the total appropriations.

DLI E-Stop Licensing System

This project, initiated in August 2024, looks to modernize the Accela platform currently in use to manage business licenses within the E-Stop program. This program creates a more efficient process for businesses to obtain multiple licenses for different locations by allowing use of one application. This project went live at the end of September 2025, and the agency is currently working through issues since deployment. This project has expended \$830,000 of the \$1.0 million in appropriations.

APPENDIX A

Did the agency utilize contractors in FY 2026? If so, how much did you pay to contractors? How much of the amount paid to contractors do you estimate is due to vacant positions? If contractors were paid because of vacant positions, what are the types of vacant positions that resulted in the need for contractors?

According to the agency, the department did not utilize contractors in FY 2026 due to vacant positions.

How much did you pay in overtime? How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?

The agency provided the below response regarding overtime expenditures:

DLI has incurred \$104,515 in year-to-date overtime. Most of the overtime for the agency was incurred during the normal course of business except for a slight increase for the quarter due to staff time dedicated to our "Montanans at Work" roadshow where staff experts traveled across Montana to meet with local community members to discuss exciting new programs and innovations happening within our department. The topics included the 406 JOBS Initiative, upcoming and current legislative changes, along with other informational sessions.