

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	751.58	751.58	693.06	693.06	751.58	693.06	(58.52)
Personal Services	40,887,893	46,966,539	46,240,652	45,039,937	87,854,432	91,280,589	3,426,157
Operating Expenses	22,540,224	23,025,299	27,158,867	26,985,561	45,565,523	54,144,428	8,578,905
Equipment & Intangible Assets	350,454	398,986	312,574	312,574	749,440	625,148	(124,292)
Grants	7,446,806	11,587,525	8,409,444	8,409,289	19,034,331	16,818,733	(2,215,598)
Benefits & Claims	100,389	91,464	100,389	100,389	191,853	200,778	8,925
Transfers	333,512	603,901	79,805	79,983	937,413	159,788	(777,625)
Debt Service	74,470	70,237	189,407	231,082	144,707	420,489	275,782
Total Costs	\$71,733,748	\$82,743,951	\$82,491,138	\$81,158,815	\$154,477,699	\$163,649,953	\$9,172,254
General Fund	1,347,215	1,446,087	1,850,583	1,866,225	2,793,302	3,716,808	923,506
State/Other Special Rev. Funds	40,594,667	42,847,908	47,696,641	46,253,593	83,442,575	93,950,234	10,507,659
Federal Spec. Rev. Funds	29,791,866	38,449,956	32,943,914	33,038,997	68,241,822	65,982,911	(2,258,911)
Proprietary Funds	0	0	0	0	0	0	0
Total Funds	\$71,733,748	\$82,743,951	\$82,491,138	\$81,158,815	\$154,477,699	\$163,649,953	\$9,172,254

Agency Description

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

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

- Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts research and collects employment statistics
- Administers the Unemployment Insurance Program and disburses state unemployment benefits
- 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 33 professional boards 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 Services
- Oversees and regulates the Montana Workers' Compensation System

Organizationally, the department is divided into six divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Relations; 5) Business Standards; and 6) Technology Services. The Office of Community Services, Workers' Compensation Court, Board of Personnel Appeals, and Board of Labor Appeals area all administratively attached. Under statute the Human Rights Commission is allocated to the Department of Labor and Industry for administrative purposes.

Agency Highlights

Department of Labor and Industry Major Budget Highlights
<ul style="list-style-type: none">• The 2015 biennium legislative appropriation to the 2017 biennium legislative appropriation increased by 1.5%.• FTE are reduced by 71.51 when compared to the previous biennium, changes include:<ul style="list-style-type: none">◦ 30.02 FTE eliminated in compliance with the boilerplate language of HB 2 enacted by the 2013 Legislature◦ 33.00 FTE transferred from HB 2 to proprietary funding within the Technology Services Division◦ 2.00 FTE eliminated as the positions were vacant throughout FY 2014◦ 6.50 FTE eliminated as support from federal funds was not received in the previous biennium• FTE reductions are partially offset by adding 13.00 FTE to implement SB 405• DOLI reorganized to create a Technology Services Division (TSD) pulling FTE and funding from other programs within the agency• The legislature funded Jobs for Montana Graduates Program using state special revenue• General fund was restored for the Human Rights Bureau

Summary of Legislative Action

As discussed, the agency budget increased by 1.3% when compared to 2015 biennium appropriations. Overall the number of FTE supported in HB 2 declined by 58.52 FTE. The legislature:

- Accepted the agency proposal to eliminate 30.02 FTE as part of its compliance with the boilerplate language of HB 2 enacted by the 2013 Legislature
- Transferred 33.00 FTE from HB 2 to proprietary funding within the Technology Services Division
- Eliminated 2.00 FTE, one within the Workforce Services Division and one within the Employment Relations Division, as the positions were vacant throughout FY 2014
- Eliminated 6.50 FTE as support from federal funds for the positions was not received in the previous biennium and was not projected to be received in the 2017 biennium
- Added 13.00 FTE to implement SB 405, the Montana Health and Economic Livelihood Partnership Act

The legislature provided \$731,000 in general fund to support the Human Rights Bureau. The 2013 Legislature reduced general fund support and increased federal funds to reduce the amount of fund balance available to support the program. The change was designated as one-time-only and as a result, the 2015 Legislature restored general fund support for the program. This makes up the majority of the increase in general fund between biennia.

State special revenue increases as the legislature funded:

- The Jobs for Montana Graduates Program from the employment security account
- Implementation of SB 405, also using the employment security account
- Adoption of proprietary fees for information technology services provided by the Technology Services Division mainly supported by state special revenue funds
- Impairment programs and other consulting services within the Business Standards Division
- IT Maintenance with the city of Missoula
- Increased legal services for the Business Standards Division

Federal revenues decreased between biennia. Few participants now qualify for the Trade Adjustment Allowance Program and the Department of Education eliminated federal grant funding that was used to support training programs within the Workforce Services Division. The legislature reduced overall federal support as a result.

Personal services increase between biennia. Reductions for transfer of 33.00 FTE from HB 2 to proprietary rates were more than offset by increases. In addition to annualization of the state share contribution to employee insurance and pay plan increases the legislature provided additional support for:

- Market, proficiency agreement progression, career ladders, competency, negotiated pay schedule, and training assignments pay adjustments
- Employee attainment of longevity milestones within the 2017 biennium
- Position reclassifications between biennia
- Changes in employer retirement contributions

The majority of the increase shown for operating expenses is related to the establishment of proprietary rates for information technology services within the DOLI. The legislature approved creation of the Technology Services Division within DOLI. In addition, the legislature removed \$8.2 million of costs from HB 2 opting to provide proprietary funding for TSD instead. The costs include:

- Personal services - \$2.8 million each year of the biennium
- Operating expenses - \$5.4 million each year of the biennium

Proprietary rates included in the other division budgets are considered operating expenses resulting in an increase in operating expenses of \$5.6 million in the 2017 biennium

Operating expenses also increased in part because the legislature provided support for implementation of SB 405. The bill provides Medicaid recipients with the option of participating in an employment assessment or reemployment assessment to identify barriers to employment that exist. In addition the recipient may also participate in the Workforce Development Program. Funding for training, employee travel, indirect costs, and other associated costs for providing services was included in HB 2. In addition, the legislature approved increased operating costs within the Business Services Division. Among the additions were:

- Contracting for the Medical Impairment Program for the Board of Nursing, Board of Pharmacy, Board of Dentistry, and Board of Medical Examiners
- Funding for continuing education and professional development programs for licenses
- Database maintenance, enhancements, and information technology consulting services
- Legal costs

Changes to grants included reductions for the Trade Adjustment Allowance Program and the Department of Education grant funding as previously discussed. In addition, the legislature eliminated 6.49 FTE and related personal services due to lower federal funding in FY 2014. Grants were increased by same amount in the event the DOLI receives federal funding for other grants.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Labor and Industry Funding by Source of Authority 2017 Biennium Budget - Department of Labor and Industry						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	3,716,808	0	0	3,716,808	0.78 %	
State Special Total	93,950,234	0	4,500,400	98,450,634	20.72 %	
Federal Special Total	65,982,911	0	0	65,982,911	13.89 %	
Proprietary Total	0	306,943,000	0	306,943,000	64.61 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$163,649,953	\$306,943,000	\$4,500,400	\$475,093,353		
Percent - Total All Sources	34.45 %	64.61 %	0.95 %			

Over half of the funding for DOLI is non-budgeted proprietary funding for unemployment benefits. Proprietary funds also support a portion of the Commissioner's Office/Centralized Services Division and the Technology Services Division. State special revenue funds include the employment security account, individual accounts for each professional licensing board or program, and the uninsured employers fund. General fund supports activities within the Workforce Services Division and the Employment Relations Division.

Statutory appropriations for the uninsured employee fund are provided to the Employment Relations Division.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,446,088	1,446,088	2,892,176	77.81 %	81,518,953	81,518,953	163,037,906	99.63 %
PL Adjustments	397,871	414,193	812,064	21.85 %	(1,289,175)	(839,570)	(2,128,745)	(1.30)%
New Proposals	6,624	5,944	12,568	0.34 %	2,261,360	479,432	2,740,792	1.67 %
Total Budget	\$1,850,583	\$1,866,225	\$3,716,808		\$82,491,138	\$81,158,815	\$163,649,953	

DOLI reorganized its information technology services by transferring FTE, personal services, and operating expenses from the various divisions to the newly created Technology Services Division. The change was approved by the legislature as part of present law. The approval for establishing proprietary rates for the new division was included as a new proposal. Other changes are discussed within each program.

Other Legislation

HB 4 - The legislature appropriated funding for a number of federal grants in FY 2015 including \$111,287 for reemployment and eligibility assessment, \$124,651 for women's bureau paid leave analysis, \$721,128 for unemployment insurance administration funding. In addition federal authority for improving the labor exchange system, job-driven grants, unemployment insurance funding, and 2013 unemployment insurance administration funding was extended into FY 2016. 2014 and 2015 federal authority for unemployment insurance administration was extended into FY 2017.

HB 81 - The legislature allowed the Board of Barbers and Cosmetologists to offer a barbering nonchemical license. The fiscal note attached to the bill estimates a cost of \$4,924 for rule-making to implement the new license. The Business Standards Division did not receive additional authority for the implementation of the new license.

HB 115 - The legislature provided for nursing applicants to submit to criminal background check and expanded the Nursing Medical Assistance Program to all licensees. The estimated fiscal impact of the change is \$4,667 to update the rules related to the changes. The legislature did not provided funding for this cost.

HB 123 - The legislature revised statutes related to public records laws. The fiscal note attached to the bill includes an estimated cost of \$92,332 to implement the changes related to DOLI including 0.50 FTE to carry out records management and employee training. The legislature did not provided funding for this cost.

HB 147 - The legislature approved enacting a nurse licensure compact that grants registered and licensed practical nurses multi-state privileges with other states that are party to the compact. The estimated cost to the department is \$28,217 for rule making, notification to licensees, and an annual fee for compact participation. The legislature did not provided funding for this cost.

HB 223 - The legislature revised death certificate fees and provided \$3.00 of the fees as revenues to the Board of Funeral Services. The fiscal note includes an increased revenue estimate of \$365,058 for the 2017 biennium for the Board of Funeral Services.

HB 306 - The legislature removed limitations on unemployment benefits for victims of domestic violence, sexual assault, or stalking. The fiscal impact to the unemployment insurance trust fund is \$66,677 over the 2017 biennium.

HB 358 - The legislature transferred the duties related to regulating licensed addiction counselors to the Board of Behavioral Health, formerly the Board of Social Work Examiners and Professional Counselors. The estimated cost for implementing the changes is \$17,522 including travel and per diem for additional board members and costs for rule making. The legislature did not provided funding for this cost.

HB 429 - The legislature approved enacting an interstate medical licensure compact for physicians which grants physicians multi-state privileges with other compact states. The fiscal note estimates the costs for the compact to be \$52,604 over

the 2017 biennium including travel to establish the compact, conference calls, training, and additional legal costs. The legislature did not provided funding for this cost.

HB 560 - The legislature revised the fund structure and budgetary process for the Board of Accountants. An enterprise fund was established and statutorily appropriated for use by the board rather than the state special revenue account. The fiscal note estimates that state special revenues will be reduced by \$742,376 over the 2017 biennium as a result of the bill's passage and approval.

SB 7 - The legislature extended the sunset date for the prescription drug registry to June 30, 2017 and included increased fees for licensees of up to \$15. Revenue estimates for the increase are \$472,500 over the 2017 biennium. \$282,00 in state special revenue funding in HB 2 is contingent on the passage and approval of SB 7.

SB 22 - The legislature provided for registration and regulation of social workers, professional counselors, or marriage counselors seeking licensure. The fiscal note attached to the bill estimates a one-time cost of \$4,790 to implement rules related to the changes. The legislature did not provided funding for this cost.

SB 71 - The legislature revised the costs of boiler inspections removing the clause that provided a single fee could be charged for multiple boilers in the same room. An increase in state special revenues of \$92,450 is estimated for the 2017 biennium.

SB 77 - The legislature created a resident physician's license and repealed specialized, telemedicine, and temporary physicians' licenses. The fiscal note includes estimates of additional costs of \$9,354 for updating rules for resident physician licenses and repealing rules for specialized, telemedicine, and temporary physician's licenses. The costs should be offset by increased revenues for resident physician licenses estimated to be \$10,000 over the 2017 biennium. The legislature did not provided funding for this cost.

SB 79 - The legislature clarified funding requirements with respect to professional and occupational licensing boards. Rule making costs of \$6,322 are anticipated in association with the clarification. The legislature did not provided funding for this cost.

SB 259 - The legislature increased the percentage that may be assessed against workers' compensation insurers for the administration of the workers' compensation act and created a new assessment for administering occupational safety and health laws. Revenue estimates included in the fiscal note attached to the bill are based on an administrative rate of less than 4% and a safety rate of less than 1% generating an additional \$1,798,142 in FY 2016 and \$2,148,453 in FY 2017. \$256,000 in state special revenue funding provided to the Employment Relations Division was contingent on passage and approval of SB 259.

SB 390 - The Economic Affairs Interim Committee is to conduct a study of fees charged by the Department of Labor and Industry to licensing boards. Costs of the study are borne by the Legislative Branch.

SB 401- The legislature clarified the use of DOLI representatives at boxing events, established guidelines for medical examinations prior to events and for licensure, established license fees, and allowed venue owners and promoters to determine the need for security personnel. Estimated costs to implement the changes, mainly rule changes are \$5,915 as included in the fiscal note. The legislature did not provided funding for this cost.

SB 405 - The legislature created the Healthy Montana Act. The act provides Medicaid recipients with the option of participating in an employment or reemployment assessment and in the workforce development program. Funding to implement SB 405 was included in HB 2.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	751.58	688.56	693.06	4.50	688.56	693.06	4.50	4.50
Personal Services	40,887,893	46,349,883	46,240,652	(109,231)	46,378,345	45,039,937	(1,338,408)	(1,447,639)
Operating Expenses	22,540,224	27,844,400	27,158,867	(685,533)	27,979,487	26,985,561	(993,926)	(1,679,459)
Equipment & Intangible Assets	350,454	312,574	312,574	0	312,574	312,574	0	0
Grants	7,446,806	7,854,036	8,409,444	555,408	7,854,036	8,409,289	555,253	1,110,661
Benefits & Claims	100,389	100,389	100,389	0	100,389	100,389	0	0
Transfers	333,512	311,861	79,805	(232,056)	312,039	79,983	(232,056)	(464,112)
Debt Service	74,470	189,407	189,407	0	231,082	231,082	0	0
Total Costs	\$71,733,748	\$82,962,550	\$82,491,138	(\$471,412)	\$83,167,952	\$81,158,815	(\$2,009,137)	(\$2,480,549)
General Fund	1,347,215	2,485,192	1,850,583	(634,609)	2,484,215	1,866,225	(617,990)	(1,252,599)
State/other Special Rev. Funds	40,594,667	47,627,178	47,696,641	69,463	47,820,345	46,253,593	(1,566,752)	(1,497,289)
Federal Spec. Rev. Funds	29,791,866	32,850,180	32,943,914	93,734	32,863,392	33,038,997	175,605	269,339
Other	0	0	0	0	0	0	0	0
Total Funds	\$71,733,748	\$82,962,550	\$82,491,138	(\$471,412)	\$83,167,952	\$81,158,815	(\$2,009,137)	(\$2,480,549)

When comparing the 2017 legislatively appropriated budget to the executive's request, the legislature eliminated support for personal services supporting 8.50 FTE. Included were reductions of total funds of \$99,218 in FY 2016 and \$89,010 in FY 2017 that supported 2.00 FTE, these FTE were vacant all of FY 2014. In addition, total funds of \$328,893 in FY 2016 and \$328,734 in FY 2017 that were supporting 6.49 FTE funded by federal grants that DOLI no longer receives were eliminated. Grants were increased by the same amount in the event additional federal funding was received. The legislature switched funding for the Jobs for Montana Graduates Program from the general fund to the employment security account within the state special revenue fund. In addition the legislature recognized that by taking the majority of the FTE reductions in the Workforce Services Division it needed to mitigate the impacts to the other divisions by providing additional funding for personal services. Other differences include:

- Changes for fixed costs and inflation/deflation factors
- Adopting additional cost reductions related to the reorganization that created the Technology Services Division
- Denial of requests within the Business Standards Division for Montana interactive online service fees, operating adjustments and equipment requests, and motor vehicles leases for inspectors
- Not funding rent adjustments within the Employment Relations Division and computer leases for the Unemployment Insurance Division
- Providing for the costs of implementing SB 405
- Adopting 2% vacancy savings applied to HB 2 positions within the boilerplate language of HB 2

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"If SB 405 and SB 418 are not passed and approved, then Workforce Development is void. The amount appropriated in Workforce Development from the employment security account provided for in 39-51-409 is restricted to the purpose of implementing [sections 14 through 17 of SB 405]."

"Generally Revise Workers' Compensation is contingent upon the passage and approval of SB 259."

"Prescription Drug Registry is contingent upon the passage and approval of SB 7."