

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program 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	Biennium % Change
FTE	145.03	145.03	139.88	139.88	145.03	139.88	(5.15)	(3.55)%
Personal Services	8,518,646	9,171,791	9,536,352	9,571,584	17,690,437	19,107,936	1,417,499	8.01 %
Operating Expenses	5,456,672	5,132,838	8,635,734	8,714,389	10,589,510	17,350,123	6,760,613	63.84 %
Equipment & Intangible Assets	326,605	298,967	288,725	288,725	625,572	577,450	(48,122)	(7.69)%
Grants	5,000	8,582	5,000	5,000	13,582	10,000	(3,582)	(26.37)%
Transfers	34,869	33,157	34,869	34,869	68,026	69,738	1,712	2.52 %
Debt Service	21,063	20,944	33,167	42,081	42,007	75,248	33,241	79.13 %
Total Costs	\$14,362,855	\$14,666,279	\$18,533,847	\$18,656,648	\$29,029,134	\$37,190,495	\$8,161,361	28.11 %
State/Other Special Rev. Funds	14,358,965	14,666,279	18,533,819	18,656,620	29,025,244	37,190,439	8,165,195	28.13 %
Federal Spec. Rev. Funds	3,890	0	28	28	3,890	56	(3,834)	(98.56)%
Proprietary Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$14,362,855	\$14,666,279	\$18,533,847	\$18,656,648	\$29,029,134	\$37,190,495	\$8,161,361	28.11 %

Program Description

The Business Standards Division consists of five bureaus: Building Codes Bureau, Weights & Measures Bureau, Board Management Bureau, Licensing Bureau, and Operations Bureau. The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes. The bureau also provides support for five licensing programs. The Weights & Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing and measuring devices used in making commercial transactions in Montana and enforces laws and regulations pertaining to the quantity control of prepackaged goods, petroleum products, and is responsible for operating the State Metrology Laboratory. The Licensing Bureau and Board Management Bureau provide support for 33 licensing boards, two programs, and the Prescription Drug Registry. The Licensing and Board Management Bureaus include 208 board members and eight advisory council members appointed by the Governor. The Operations Bureau has three units within the Business Standards Division that provide support to the other bureaus and the division.

Program Highlights

Business Standards Division Major Budget Highlights	
<ul style="list-style-type: none"> The legislature provided an increase of 16.1% between the 2015 and 2017 biennia appropriations Operating expenses increases include: <ul style="list-style-type: none"> Contracting for Impairment Program and other services Contingency fund to offset unanticipated board costs Information Technology contracts IT maintenance with City of Missoula Legal cost adjustments for services provided by the Office of Legal Services within the Commissioner's Office Business Standards Division transferred 9.00 FTE and \$1.4 million in appropriation authority to the Technology Services Division each year of the biennium 	

Program Narrative*Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base*

The following table highlights the differences between the executive's implementation of FY 2015 appropriations as shown in the program budget comparison table compared to the FY 2015 legislative appropriations used for purposes of the budget base.

Department of Labor & Industry - Business Standards Division FY 2015 Appropriation Transactions							
Program	Legislative Approps	Legislative App OTO	House Adjustment	Operating Plan	Program Transfers	Reorgs	Total Exec. Implement
Personal Services	\$9,907,957	\$0	\$0	(\$19,128)	\$0	(\$717,038)	\$9,171,791
Operations	5,846,468	-	-	(1,518)	(1,728)	(710,384)	5,132,838
Equipment	298,967	-	-	-	-	-	298,967
Grants	8,582	-	-	-	-	-	8,582
Tranfers	33,455	-	-	(298)	-	-	33,157
Debt Service	-	-	-	20,944	-	-	20,944
Program Total	\$16,095,429	\$0	\$0	\$0	(\$1,728)	(\$1,427,422)	\$14,666,279

The legislature approved Business Standards Division transfer of 9.00 FTE, \$0.7 million in personal services authority, and \$0.7 million in operating expenses to TSD as part of the reorganization. BSD also transferred \$20,944 from other categories to debt service which were included as part of the legislative budget.

Legislative Budget

The program budget comparison table shows the impacts of the budget after the transfers of appropriation authority in FY 2014 are taken into account. When compared to the 2015 legislative budget, personal services for the 2017 biennium decrease by \$371,605 in FY 2016 and \$336,373 in FY 2017. As shown on the program budget comparisons table it appears the costs increase \$1.8 million between biennia. The majority of the difference between the two comparisons is due to positions that were vacant in FY 2014. The actual costs of personal services for FY 2014 are reflected in the program comparison table. Vacancy savings were 9.7% compared to a budgeted rate of 6.00%. This is offset by increases that result from the implementation of pay raises and health insurance contributions included in HB 13 as enacted by the 2013 Legislature. Other changes include:

- Market and proficiency agreement progression increases granted throughout FY 2014 that are annualized for the 2017 biennium
- The budget provides funding for positions that were unfilled during all or a portion of FY 2014; vacancy savings were 9.7% in FY 2014
- Reclassification of 19 positions between biennia
- Employee attainment of longevity milestones in the 2017 biennium
- Changes in employer retirement contributions
- Additional funding for the agency implementation of the boilerplate language included in HB 2 as enacted by the 2013 Legislature. At the agency's request additional reductions in personal services were included in the Workforce Services Division budget and other division's budgets were increased

Operating expenses increase by \$2.8 million annually when compared to FY 2015 legislative base budget. The legislature provided the following annual increases:

- \$1.6 million for TSD services
- \$0.5 million for authority for a contingency fund to offset unanticipated board costs such as licensee investigations or board legal expenses
- \$0.5 million to implement an impairment program for boards involved in licensing medical professionals
- \$0.3 million for additional legal services for the various boards

- \$0.3 million to provide enhancements to the licensing database
- \$0.2 million for adjustments in cost due to increased volume of applications, renewals, and adjustments to fees
- \$0.1 million for the prescription drug registry

These were offset by reductions of \$0.7 million each year of the biennium for the reorganization of information technology services.

Funding

The following table shows program funding by source from all sources of authority.

Department of Labor and Industry, 05-Business Standards Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02024 Blaster Licensing	28,943	0	0	28,943	0.08 %
02078 Occupational Therapists	211,600	0	0	211,600	0.57 %
02079 Fire Protection & Permitting	176,652	0	0	176,652	0.48 %
02080 Prescription Drug Registry	575,529	0	0	575,529	1.55 %
02082 Real Estate Recovery Account	0	0	400	400	0.00 %
02109 Board Of Outfitters	1,308,527	0	0	1,308,527	3.52 %
02155 BoilerBlasterCrane Licensing	1,056,378	0	0	1,056,378	2.84 %
02160 Legal Contingency Fund	1,000,000	0	0	1,000,000	2.69 %
02207 Crane Licensing	209,780	0	0	209,780	0.56 %
02359 Chemical Dependency Counselors	271,269	0	0	271,269	0.73 %
02446 Board Of Psychologist Exam	296,368	0	0	296,368	0.80 %
02448 Building Codes State Spec Rev	7,104,396	0	0	7,104,396	19.10 %
02580 Bd of Athletice Trainers	55,067	0	0	55,067	0.15 %
02679 Massage Therapists	264,783	0	0	264,783	0.71 %
02764 Bd of Adolescent Res. Or Outdr Pgms	136,674	0	0	136,674	0.37 %
02767 Elevators	918,128	0	0	918,128	2.47 %
02805 Weights & Measures Bureau	2,364,348	0	0	2,364,348	6.36 %
02808 Board Of Landscape Architects	68,848	0	0	68,848	0.19 %
02809 Board Of Speech Pathologists	147,303	0	0	147,303	0.40 %
02810 Bd Of Radiologic Technologists	253,660	0	0	253,660	0.68 %
02811 Clinical Lab Science Pract.	166,172	0	0	166,172	0.45 %
02812 Physical Therapists	269,113	0	0	269,113	0.72 %
02813 Bd Of Nursing Home Admin	69,633	0	0	69,633	0.19 %
02814 Bd Of Hearing Aid Dispensers	183,580	0	0	183,580	0.49 %
02815 Board Of Public Accountants	1,057,171	0	0	1,057,171	2.84 %
02816 Board Of Sanitarians	77,494	0	0	77,494	0.21 %
02818 Electrical Board	969,288	0	0	969,288	2.61 %
02819 Board of Realty Regulations	2,251,687	0	0	2,251,687	6.05 %
02820 Board Of Architects	177,254	0	0	177,254	0.48 %
02821 Board Of Funeral Service	350,410	0	0	350,410	0.94 %
02822 Board Of Chiropractors	279,225	0	0	279,225	0.75 %
02823 Professional Engineers	1,116,994	0	0	1,116,994	3.00 %
02824 Board Of Medical Examiners	3,287,074	0	0	3,287,074	8.84 %
02826 Cosmetology Board	1,284,909	0	0	1,284,909	3.45 %
02828 Board Of Plumbers	682,896	0	0	682,896	1.84 %
02829 Private Investigator	480,123	0	0	480,123	1.29 %
02830 Board Of Dentistry	584,843	0	0	584,843	1.57 %
02831 Board Of Optometrists	109,833	0	0	109,833	0.30 %
02832 Board Of Pharmacy	1,935,118	0	0	1,935,118	5.20 %
02833 Board Of Nursing	3,252,688	0	0	3,252,688	8.75 %
02834 Board Of Veterinarians	347,018	0	0	347,018	0.93 %
02840 Board Of Social Workers	600,977	0	0	600,977	1.62 %
02841 Board Of Athletics	21,059	0	0	21,059	0.06 %
02852 Bd. Of Alternative Health Care	167,065	0	0	167,065	0.45 %
02854 Bd. Of Real Estate Appraisers	914,031	0	0	914,031	2.46 %
02855 Bd Of Respiratory Care	106,531	0	0	106,531	0.29 %
State Special Total	\$37,190,439	\$0	\$400	\$37,190,839	100.00 %
03293 Country of Origin Labeling	56	0	0	56	100.00 %
03509 Prescrip Drug Registry Grant	0	0	0	0	0.00 %
Federal Special Total	\$56	\$0	\$0	\$56	0.00 %
06574 BSD Hearings	0	0	0	0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$37,190,495	\$0	\$400	\$37,190,895	

HB 2 Funding

State special revenue accounts are maintained for each type of licensee and professional board. Charges and fees paid by licensees are deposited to the accounts and administrative and operational expenses of the division are charged directly to the funds.

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								
-----General Fund-----					-----Total Funds-----			
Budget Item	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	0	0	0	0.00 %	16,095,429	16,095,429	32,190,858	86.56 %
PL Adjustments	0	0	0	0.00 %	219,243	327,077	546,320	1.47 %
New Proposals	0	0	0	0.00 %	2,219,175	2,234,142	4,453,317	11.97 %
Total Budget	\$0	\$0	\$0		\$18,533,847	\$18,656,648	\$37,190,495	

The legislature increased the budget for the Business Standards Division by \$5.0 million compared to double the 2015 legislative base budget. Present law increases of \$0.5 million include funding supporting:

- Re-establishment of a contract to provide an impairment program for medical professionals and new contracts for training, license examinations, and database enhancements
- Information technology consulting services, maintenance costs, and online service fees
- Aligning legal fees to actual spending incurred in FY 2014

The legislature provided \$4.4 million in new proposals including establishing a contingency fund for the occupational and licensing boards for unexpected costs and funding for proprietary rates for information technology services.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	67,954	28	67,982	0.00	0	67,954	28	67,982
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	186,175	0	186,175	0.00	0	186,175	0	186,175
DP 525 - Fixed Cost Adjustment	0.00	0	54,789	0	54,789	0.00	0	151,543	0	151,543
DP 527 - Inflation/Deflation Adjustment	0.00	0	(120,654)	0	(120,654)	0.00	0	(112,110)	0	(112,110)
DP 529 - Longevity and Other adjustments	0.00	0	(24,575)	0	(24,575)	0.00	0	9,922	0	9,922
DP 530 - Reorganization	0.00	0	(1,418,422)	0	(1,418,422)	0.00	0	(1,418,422)	0	(1,418,422)
DP 535 - Program transfers	0.00	0	(1,728)	0	(1,728)	0.00	0	(1,728)	0	(1,728)
DP 550 - Motor Pool Adjustment	0.00	0	(4,384)	0	(4,384)	0.00	0	(4,430)	0	(4,430)
DP 560 - Adjustments to operating costs	0.00	0	(26,321)	0	(26,321)	0.00	0	(17,467)	0	(17,467)
DP 570 - Debt Service Funding	0.00	0	33,167	0	33,167	0.00	0	42,081	0	42,081
DP 600 - Additional reduction for reorg	0.00	0	(81,539)	0	(81,539)	0.00	0	(81,539)	0	(81,539)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	0	58,803	0	58,803	0.00	0	59,538	0	59,538
DP 620 - Operating Cost Adjustments	0.00	0	(188,928)	0	(188,928)	0.00	0	(206,636)	0	(206,636)
DP 680 - Additional Operating Expenses	0.00	0	324,507	0	324,507	0.00	0	303,297	0	303,297
DP 500444 - Statewide 4% FTE Reduction - Program 05	(5.15)	0	0	0	0	(5.15)	0	0	0	0
DP 505001 - Overtime (Restricted/OTO)	0.00	0	49,834	0	49,834	0.00	0	49,834	0	49,834
DP 505002 - Impairment Programs and Other Consulting	0.00	0	528,537	0	528,537	0.00	0	518,537	0	518,537
DP 505003 - Professional IT Consulting Services	0.00	0	331,500	0	331,500	0.00	0	330,000	0	330,000
DP 505008 - IT Maintenance between DLI and City of Missoula	0.00	0	110,000	0	110,000	0.00	0	110,000	0	110,000
DP 505011 - Legal Cost Adjustment (Restricted/Biennial/OTO)	0.00	0	340,500	0	340,500	0.00	0	340,500	0	340,500
Grand Total All Present Law Adjustments	(5.15)	\$0	\$219,215	\$28	\$219,243	(5.15)	\$0	\$327,049	\$28	\$327,077

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD

fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 530 - Reorganization -

The legislature adopted the reorganization of the information technology services from the Business Standards Division to the Technology Services Division within the department. This included transfers of \$1,418,422 in state special revenues and 9.00 FTE in each year of the biennium.

DP 535 - Program transfers -

The legislature adopted program transfers made by the department in the interim.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 560 - Adjustments to operating costs -

The legislature adjusted funding for operating expenses to mitigate the impact of the reorganization as it related to fixed costs.

DP 570 - Debt Service Funding -

The legislature provided funding for debt service above that established in the 2015 legislative base.

DP 600 - Additional reduction for reorg -

The legislature aligned reductions for the reorganization of the Technology Services Division to the amounts projected by DOLI staff based on actual changes that occurred in FY 2014.

DP 610 - Boilerplate allocation of 4% Reduction -

As part of its compliance with the boilerplate language included in HB 2 enacted by the 2013 Legislature, DOLI eliminated a total of 30.02 FTE. While the 2013 Legislature adopted a 4% vacancy savings rate against all positions within the agency equally, the department eliminated FTE at a higher level within the Workforce Services Division as allowed through the

boilerplate language. The legislature allocated the 2017 biennial changes in personal services funding based on the DOLI allocation of the reductions of FTE.

DP 620 - Operating Cost Adjustments -

The legislature adopted operating cost adjustments for the division.

DP 680 - Additional Operating Expenses -

The legislature provided additional state special revenue for operating expenses.

DP 500444 - Statewide 4% FTE Reduction - Program 05 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 5.15 FTE each year.

DP 505001 - Overtime (Restricted/OTO) -

The legislature approved overtime because of peaks in workload that occur when an increased number of applications for professional licensure are received in a certain period of time. These peaks in workload generally correspond with graduations or board renewal periods.

DP 505002 - Impairment Programs and Other Consulting -

In the Sixty-third Legislature, a proposal was brought forth to bring Medical Impairment Programs in-house for the Board of Nursing, Board of Pharmacy, Board of Dentistry, and Board of Medical Examiners, rather than continuing to contract for those services. As a result, appropriation for those boards was reduced by \$17,737 in the base year. Upon closer review of the requirements of bringing these programs in-house, it was determined that doing so was neither feasible nor cost effective. Boards also expressed strong opposition to bringing this program in house. The legislature restored the \$17,737 of state special revenue funding that was removed last biennium in order to continue to pay this contract. In addition, the legislature provided additional funding for three of the four boards due to estimated increases for the contracts. The Board of Nursing was provided \$150,000 to for continuing education and professional development program for their licensees. The Board of Pharmacy received \$50,000 to provide educational services to their licensees and to the public regarding prescription drug abuse. The Board of Private Security was funded for \$3,000 to put on a training seminar for licensees that has not been conducted in several years. The Board of Electrical request for \$10,000 in FY 2016, and the Board of Professional Engineering request for \$10,000 in both years of the biennium to provide for increased costs of national examinations and revisions of national exam questions and study guides was also funded. The Prescription Drug Registry received \$50,000 to provide enhancements to the MPDR database. The Board of Veterinary Medicine received \$3,800 spending authority in each year of the biennium to provide Embryo Transfer Exams as required by statute.

DP 505003 - Professional IT Consulting Services -

The legislature provided an appropriation for IT consulting services to provide enhancements to its database for the Professional Licensing & Board Management Bureaus and the Building Codes Bureau. Building Codes was provided \$56,550 in FY 2016 and \$58,000 in FY 2017. The Professional Licensing & Board Management Bureaus received \$275,000 in each year of the biennium. The division proposes to utilize informational technology consulting services both internally from the department's Technology Services Division as well as from external contractors in order to procure the best prices and best results for upgrades and enhancements needed to improve and build upon the capabilities of the division's database.

DP 505008 - IT Maintenance between DLI and City of Missoula -

The State of Montana has a contract with the City of Missoula to utilize a database system developed and maintained under an umbrella contract held by the Business Standards Division, Department of Labor & Industry. Business Standards Division makes payments for annual maintenance and support of the system; the City of Missoula reimburses the state for their portion of that expense. In order to be in compliance with state accounting policies and properly receive payment from Missoula and make payment to the vendor, the legislature provided appropriation authority to accept and expense the funds.

DP 505011 - Legal Cost Adjustment (Restricted/Biennial/OTO) -

The legislature provided funding for an anticipated increase in legal costs for the various boards.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals										
-----Fiscal 2016-----						-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 505012 - Contingency for BSD (Restricted/Biennial)	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
DP 505013 - TSD Funding Switch	0.00	0	1,578,175	0	1,578,175	0.00	0	1,593,142	0	1,593,142
DP 505014 - Prescription Drug Registry	0.00	0	141,000	0	141,000	0.00	0	141,000	0	141,000
Total	0.00	\$0	\$2,219,175	\$0	\$2,219,175	0.00	\$0	\$2,234,142	\$0	\$2,234,142

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

DP 505012 - Contingency for BSD (Restricted/Biennial) -

The legislature approved \$500,000 in state special revenue authority as restricted and biennial each year of the biennium to establish a contingency fund to be used by the boards when experiencing an unexpected increase in expenses. This appropriation is restricted for unanticipated legal costs of the boards. The boards are required to spend their existing cash when utilizing the appropriation.

DP 505013 - TSD Funding Switch -

The legislature provided for operating expenses related to the reorganization of the Technology Services Division. These costs are the estimated amount the Business Standards Division will be assessed through Technology Services Division rates.

DP 505014 - Prescription Drug Registry -

The legislature approved authority for the division to administer the prescription drug registry program. It is dependent on passage and approval of SB 7 amending funding of the prescription drug registry and amending 37-7-1511, MCA.