

Agency Budget Comparison

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

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	Biennium % Change
FTE	751.58	751.58	682.06	682.06	751.58	682.06	(69.52)	(9.25)%
Personal Services	40,887,893	46,966,539	44,900,325	45,039,937	87,854,432	89,940,262	2,085,830	2.37 %
Operating Expenses	22,540,224	23,025,299	27,907,082	28,076,494	45,565,523	55,983,576	10,418,053	22.86 %
Equipment & Intangible Assets	350,454	398,986	312,574	312,574	749,440	625,148	(124,292)	(16.58)%
Grants	7,446,806	11,587,525	8,409,445	8,409,289	19,034,331	16,818,734	(2,215,597)	(11.64)%
Benefits & Claims	100,389	91,464	100,389	100,389	191,853	200,778	8,925	4.65 %
Transfers	333,512	603,901	167,150	167,328	937,413	334,478	(602,935)	(64.32)%
Debt Service	74,470	70,237	189,407	231,082	144,707	420,489	275,782	190.58 %
Total Costs	\$71,733,748	\$82,743,951	\$81,986,372	\$82,337,093	\$154,477,699	\$164,323,465	\$9,845,766	6.37 %
General Fund	1,347,215	1,446,087	1,850,583	1,866,225	2,793,302	3,716,808	923,506	33.06 %
State/Other Special Rev. Funds	40,594,667	42,847,908	47,191,875	47,431,871	83,442,575	94,623,746	11,181,171	13.40 %
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)	(3.31)%
Proprietary Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$71,733,748	\$82,743,951	\$81,986,372	\$82,337,093	\$154,477,699	\$164,323,465	\$9,845,766	6.37 %

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Legislative Budget Analysis, A-314

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	682.06	(6.50)	688.56	682.06	(6.50)	(6.50)
Personal Services	40,887,893	46,349,883	44,900,325	(1,449,558)	46,378,345	45,039,937	(1,338,408)	(2,787,966)
Operating Expenses	22,540,224	27,844,400	27,907,082	62,682	27,979,487	28,076,494	97,007	159,689
Equipment & Intangible Assets	350,454	312,574	312,574	0	312,574	312,574	0	0
Grants	7,446,806	7,854,036	8,409,445	555,409	7,854,036	8,409,289	555,253	1,110,662
Benefits & Claims	100,389	100,389	100,389	0	100,389	100,389	0	0
Transfers	333,512	311,861	167,150	(144,711)	312,039	167,328	(144,711)	(289,422)
Debt Service	74,470	189,407	189,407	0	231,082	231,082	0	0
Total Costs	\$71,733,748	\$82,962,550	\$81,986,372	(\$976,178)	\$83,167,952	\$82,337,093	(\$830,859)	(\$1,807,037)
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	47,191,875	(435,303)	47,820,345	47,431,871	(388,474)	(823,777)
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	\$81,986,372	(\$976,178)	\$83,167,952	\$82,337,093	(\$830,859)	(\$1,807,037)

The legislature eliminated support for personal services supporting 8.49 FTE. Included were reductions of total funds of \$107,696 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. Other differences include:

- Changes for fixed costs and inflation/deflation factors
- 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
- Funding operating expenses for the Workforce Services Division at \$1.2 million above the executive budget request for the biennium and the Unemployment Insurance Division at \$1.1 million higher than the executive budget request.

Agency Highlights

Department of Labor and Industry Major Budget Highlights
<ul style="list-style-type: none"> • 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 ◦ 6.49 FTE eliminated as support from federal funds was not received in the previous biennium • 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

Funding

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

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	94,623,746	0	4,500,400	99,124,146	20.83 %
Federal Special Total	65,982,911	0	0	65,982,911	13.87 %
Proprietary Total	0	306,943,000	0	306,943,000	64.52 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$164,323,465	\$306,943,000	\$4,500,400	\$475,766,865	
Percent - Total All Sources	34.54 %	64.52 %	0.95 %		

Over half of the funding for DOLI is non-budgeted proprietary funding for unemployment benefits. 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.

Budget Summary by Category

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

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	99.22 %
PL Adjustments	397,871	414,193	812,064	21.85 %	(32,465)	338,708	306,243	0.19 %
New Proposals	6,624	5,944	12,568	0.34 %	499,884	479,432	979,316	0.60 %
Total Budget	\$1,850,583	\$1,866,225	\$3,716,808		\$81,986,372	\$82,337,093	\$164,323,465	

Program Budget Comparison

The following table summarizes the total proposed 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	282.45	282.45	255.00	255.00	282.45	255.00	(27.45)	(9.72)%
Personal Services	13,597,271	16,471,900	16,093,396	16,148,622	30,069,171	32,242,018	2,172,847	7.23 %
Operating Expenses	4,031,881	5,734,973	6,847,362	6,765,806	9,766,854	13,613,168	3,846,314	39.38 %
Equipment & Intangible Assets	12,908	9,209	12,908	12,908	22,117	25,816	3,699	16.72 %
Grants	5,020,870	8,655,517	5,517,929	5,517,770	13,676,387	11,035,699	(2,640,688)	(19.31)%
Transfers	187,966	333,399	44,936	45,114	521,365	90,050	(431,315)	(82.73)%
Debt Service	43,593	40,593	132,381	155,587	84,186	287,968	203,782	242.06 %
Total Costs	\$22,894,489	\$31,245,591	\$28,648,912	\$28,645,807	\$54,140,080	\$57,294,719	\$3,154,639	5.83 %
General Fund	22,908	43,910	39,417	52,332	66,818	91,749	24,931	37.31 %
State/Other Special Rev. Funds	8,444,686	9,431,560	10,961,055	10,895,433	17,876,246	21,856,488	3,980,242	22.27 %
Federal Spec. Rev. Funds	14,426,895	21,770,121	17,648,440	17,698,042	36,197,016	35,346,482	(850,534)	(2.35)%
Total Funds	\$22,894,489	\$31,245,591	\$28,648,912	\$28,645,807	\$54,140,080	\$57,294,719	\$3,154,639	5.83 %

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Legislative Budget Analysis, A-328

Funding

HB 2 Funding

State special revenue

The majority of the state special revenue funding is from the employment security account. The revenue for this account is generated from an administrative assessment against the payrolls of Montana employers. Statute enumerates the uses of the fund, including the operating expenses of the Job Service offices.

Federal revenues

About a third of the total funding for the Workforce Services Division is from federal special revenue. Nearly 85% of this funding is from two federal programs: Wagner-Peyser Act and Workforce Investment Act. The uses and requirements for these funds are determined by the federal agencies granting the funding.

Proprietary Funds

The proprietary funding is considered and approved as rates charged to entities participating in the Montana Career Information System and are discussed in the "Proprietary Rates" section of the narrative.

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	43,910	43,910	87,820	95.72 %	32,540,025	32,540,025	65,080,050	113.59 %
PL Adjustments	(4,493)	8,422	3,929	4.28 %	(5,766,355)	(5,770,450)	(11,536,805)	(20.14)%
New Proposals	0	0	0	0.00 %	1,875,242	1,876,232	3,751,474	6.55 %
Total Budget	\$39,417	\$52,332	\$91,749		\$28,648,912	\$28,645,807	\$57,294,719	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	7,960	43,294	75,835	127,089	0.00	7,960	43,294	75,835	127,089
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	120,778	416,258	537,036	0.00	0	120,778	416,258	537,036
DP 525 - Fixed Cost Adjustment	0.00	0	(116,530)	(182,026)	(298,556)	0.00	0	(112,675)	(176,004)	(288,679)
DP 529 - Longevity and Other adjustments	0.00	(5,608)	(4,203)	(12,389)	(22,200)	0.00	7,575	5,677	16,733	29,985
DP 530 - Reorganization	0.00	0	(823,193)	(1,027,352)	(1,850,545)	0.00	0	(823,193)	(1,027,352)	(1,850,545)
DP 531 - SITSD Rate Adjustment	0.00	(7,116)	28,726	74,197	95,807	0.00	(6,963)	32,706	84,479	110,222
DP 532 - General Liability Insurance Rate Adjustment	0.00	914	(4,290)	(11,080)	(14,456)	0.00	914	(4,290)	(11,080)	(14,456)
DP 535 - Program transfers	0.00	0	(93,512)	(173,577)	(267,089)	0.00	0	(93,512)	(173,577)	(267,089)
DP 550 - Motor Pool Adjustment	0.00	0	(10,884)	0	(10,884)	0.00	0	(11,039)	0	(11,039)
DP 560 - Adjustments to operating costs	0.00	11,897	127,936	218,664	358,497	0.00	12,433	123,486	222,579	358,498
DP 570 - Debt Service Funding	0.00	0	0	7,621	7,621	0.00	0	0	6,096	6,096
DP 600 - Additional reduction for reorg	0.00	0	(118,996)	(139,018)	(258,014)	0.00	0	(118,996)	(139,018)	(258,014)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	(12,540)	(236,076)	(281,026)	(529,642)	0.00	(13,497)	(234,993)	(278,455)	(526,945)
DP 620 - Operating Cost Adjustments	0.00	0	310,431	(5,504,931)	(5,194,500)	0.00	0	200,488	(5,507,351)	(5,306,863)
DP 640 - Other Personal Services Changes	0.00	0	87,533	0	87,533	0.00	0	87,533	0	87,533
DP 650 - Reduction in 2.00 FTE	0.00	0	(46,863)	(7,045)	(53,908)	0.00	0	(46,757)	(7,031)	(53,788)
DP 670 - Additional employment security account funding	0.00	0	836,743	0	836,743	0.00	0	833,350	0	833,350
DP 100444 - Statewide 4% FTE Reduction - Program 01	(20.95)	0	0	0	0	(20.95)	0	0	0	0
DP 101001 - Jobs for Montana Graduates	0.00	0	647,275	0	647,275	0.00	0	647,340	0	647,340
DP 101002 - Research Analysis	0.00	0	(80,631)	(293,662)	(374,293)	0.00	0	(81,791)	(292,563)	(374,354)
DP 101003 - General Operating Adjustment	0.00	0	220,470	332,691	553,161	0.00	0	254,448	332,577	587,025
DP 101006 - Bond Reduction	0.00	0	(143,030)	0	(143,030)	0.00	0	(142,852)	0	(142,852)
Grand Total All Present Law Adjustments	(20.95)	(\$4,493)	\$744,978	(\$6,506,840)	(\$5,766,355)	(20.95)	\$8,422	\$679,002	(\$6,457,874)	(\$5,770,450)

***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 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 Workforce Services Division to the Technology Services Division within the department. This included transfers of \$823,193 in state special revenue, \$1,027,352 in federal funds, and 7.00 FTE in each year of the biennium.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

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 640 - Other Personal Services Changes -

The legislature adopted personal services changes for this division.

DP 650 - Reduction in 2.00 FTE -

The legislature reduced personal services supporting FTE within the Department of Labor and Industry that were vacant all of FY 2014.

DP 670 - Additional employment security account funding -

The legislature provided additional employment security account funding as requested by the executive.

DP 100444 - Statewide 4% FTE Reduction - Program 01 -

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 20.95 FTE each year.

DP 101001 - Jobs for Montana Graduates -

The legislature provided funding from the state special revenue fund in each year of the biennium to support the Jobs for Montana Graduates Program.

DP 101002 - Research Analysis -

The legislature supported operating costs for the Research Analysis Career Resource Network. The funding is provided from state special revenue in the Employment Security Account.

DP 101003 - General Operating Adjustment -

The legislature appropriated funding for computer leases offset by a decrease for off campus rented buildings.

DP 101006 - Bond Reduction -

The Workforce Services Division retired four out of the five bonds in FY 2014. Only one bond is remaining at the cost of \$44,936 for FY 2016 and \$45,114 in FY 2017. The legislature reduced transfers to include this change.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 101005 - TSD Funding Switch	0.00	0	692,812	1,182,430	1,875,242	0.00	0	693,166	1,183,066	1,876,232
DP 101200 - Reductions for federal grants	(6.50)	0	0	0	0	(6.50)	0	0	0	0
Total	(6.50)	\$0	\$692,812	\$1,182,430	\$1,875,242	(6.50)	\$0	\$693,166	\$1,183,066	\$1,876,232

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

DP 101005 - TSD Funding Switch -

The legislature provided funding in FY 2016 and in FY 2017 for operating expenses related the reorganization of the Technology Services Division. These costs are the estimated amount Workforce Services Division will be assessed through Technology Services Division rates.

DP 101200 - Reductions for federal grants -

The legislature reduced funding for personal services supporting 6.00 FTE in response to a loss of federal funding for the Trade Adjustment Allowance Program and funding from the Department of Education. Due to the uncertainty of whether DOLI will receive additional federal grants from current sources, the legislature provided authority for grants offsetting the reduction in personal services resulting in a zero impact in funding.

Other Issues -

Proprietary Rates

Montana Career Info System - 06051

Proprietary Program Description

The purpose of Montana Career Information System (MCIS) is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being funded by a College Access Challenge Grant for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education

programs. When the grant ends, MCIS will need to seek other funding or resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the grant such as IDEAS (an interest inventory), Peterson Practice Tests, and Dependable Strengths that requires the program to collect fees associated with each component.

Program Narrative

Expenses

The expenses of the proprietary program are limited to the operational expenses of the optional features. These are typically site specific licensing fees.

Revenues

Revenues are generated through fees for purchase of a one year optional component license. The department collects the fees from the sites purchasing the license/assessment, and then pays those fees to the service provider on a 1:1 ratio.

Proprietary Rates

Requested Rates for Internal Service Funds					
Fee/Rate Information					
	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:					
(fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio)					
IDEAS Assessment: \$100 per site license, per year	100	100	100	100	100
Dependable Strengths: \$200 per site license, per year	200	200	200	200	200
Peterson's Academic Practice Tests: \$225 per site, per practice test package	225	225	225	225	225
Peterson's Civil Service Practice Test Package \$175 per site	175	175	175	175	175

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Program Budget Comparison

The following table summarizes the total proposed 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	149.50	149.50	148.12	148.12	149.50	148.12	(1.38)	(0.92)%
Personal Services	7,996,743	8,503,499	8,781,524	8,809,798	16,500,242	17,591,322	1,091,080	6.61 %
Operating Expenses	3,534,917	4,292,790	7,076,395	7,068,578	7,827,707	14,144,973	6,317,266	80.70 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Transfers	0	87,345	87,345	87,345	87,345	174,690	87,345	100.00 %
Debt Service	7,609	7,830	20,350	29,905	15,439	50,255	34,816	225.51 %
Total Costs	\$11,539,269	\$12,891,464	\$15,965,614	\$15,995,626	\$24,430,733	\$31,961,240	\$7,530,507	30.82 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	3,490,575	3,612,945	5,018,234	5,011,994	7,103,520	10,030,228	2,926,708	41.20 %
Federal Spec. Rev. Funds	8,048,694	9,278,519	10,947,380	10,983,632	17,327,213	21,931,012	4,603,799	26.57 %
Total Funds	\$11,539,269	\$12,891,464	\$15,965,614	\$15,995,626	\$24,430,733	\$31,961,240	\$7,530,507	30.82 %

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Legislative Budget Analysis, A-338

Funding

HB 2 Funding

The HB 2 funded functions of the division support the administrative and operational portions of unemployment insurance.

State Special Revenues

The majority of the state special revenues are derived from an assessment charged to employers as a percentage of their payroll and deposited into the employment security account.

Federal Revenues

Unemployment insurance (UI) administrative grants are federal funds that Montana receives for the administration of the unemployment insurance program. Montana businesses pay a federal unemployment tax that is partially used to fund these grants. For further information on the sources and uses of federal unemployment tax see the appendix for the Department of Labor and Industry.

Proprietary Funding

State unemployment taxes (SUTA) are paid into a proprietary account to fund unemployment benefits for claimants. The amount of the tax depends on the ratio of unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 9 contribution rates in each schedule to assess the SUTA. In calendar year 2014 Montana used schedule V, while in calendar year 2015 the rate will be calculated using schedule III, a reduction in costs to Montana employers.

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	0	0	0	0.00 %	14,474,782	14,474,782	28,949,564	0.00 %
PL Adjustments	0	0	0	0.00 %	(1,496,579)	(1,468,436)	(2,965,015)	0.00 %
New Proposals	0	0	0	0.00 %	2,987,411	2,989,280	5,976,691	0.00 %
Total Budget	\$0	\$0	\$0		\$15,965,614	\$15,995,626	\$31,961,240	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	15,711	56,275	71,986	0.00	0	15,711	56,275	71,986
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	35,907	0	35,907	0.00	0	35,907	0	35,907
DP 525 - Fixed Cost Adjustment	0.00	0	(94,660)	(144,019)	(238,679)	0.00	0	(94,580)	(143,897)	(238,477)
DP 529 - Longevity and Other adjustments	0.00	0	(9,358)	(33,520)	(42,878)	0.00	0	(3,165)	(11,335)	(14,500)
DP 530 - Reorganization	0.00	0	(281,876)	(1,470,813)	(1,752,689)	0.00	0	(281,876)	(1,470,813)	(1,752,689)
DP 535 - Program transfers	0.00	0	169,371	0	169,371	0.00	0	169,371	0	169,371
DP 550 - Motor Pool Adjustment	0.00	0	(200)	(431)	(631)	0.00	0	(200)	(439)	(639)
DP 570 - Debt Service Funding	0.00	0	0	20,350	20,350	0.00	0	0	29,905	29,905
DP 600 - Additional reduction for reorg	0.00	0	(105,720)	(367,120)	(472,840)	0.00	0	(105,720)	(367,120)	(472,840)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	0	47,915	195,017	242,932	0.00	0	47,891	194,940	242,831
DP 670 - Additional employment security account funding	0.00	0	161,797	0	161,797	0.00	0	151,917	0	151,917
DP 200444 - Statewide 4% FTE Reduction - Program 02	(0.38)	0	0	0	0	(1.38)	0	0	0	0
DP 202001 - Overtime (OTO/Restricted)	0.00	0	13,098	46,902	60,000	0.00	0	13,098	46,902	60,000
Grand Total All Present Law Adjustments	(0.38)	\$0	(\$48,015)	(\$1,697,359)	(\$1,745,374)	(1.38)	\$0	(\$51,646)	(\$1,665,582)	(\$1,717,228)

**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 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 Unemployment Insurance Division to the Technology Services Division within the department. This included transfers of \$281,876 in state special revenue, \$1,470,813 in federal funds, and 8.00 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 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 670 - Additional employment security account funding -

The legislature provided additional employment security account funding as requested by the executive.

DP 200444 - Statewide 4% FTE Reduction - Program 02 -

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 0.38 FTE in FY 2016 and 1.38 FTE in FY 2017.

DP 202001 - Overtime (OTO/Restricted) -

The legislature provided for overtime in the Unemployment Insurance Division (UI). UI has a higher workload in winter months, and overtime is used instead of hiring additional staff for the peak workload times. UI anticipates incurring less overtime than in the past due to Emergency Unemployment Compensation ending.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 202005 - TSD Funding Switch	0.00	0	1,068,549	1,918,862	2,987,411	0.00	0	1,068,679	1,920,601	2,989,280
Total	0.00	\$0	\$1,068,549	\$1,918,862	\$2,987,411	0.00	\$0	\$1,068,679	\$1,920,601	\$2,989,280

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

DP 202005 - TSD Funding Switch -

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

Other Issues -

Proprietary Rates

UI Tax Benefit Fund - 06069

Proprietary Program Description

The Department of Labor and Industry (DLI) collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their Unemployment Insurance. DLI expends the funds by paying Unemployment Insurance benefit claims.

Program Narrative

Expenses

Significant costs for the program are unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax benefits and child support payments the claimants have elected to be taken out of the benefit check. Projected expenses and revenues for the 2015 and 2017 biennia are shown in the following chart.

2017 Biennium Report on Internal Service and Enterprise Funds								
Agency # 66020	Agency Name: Department of Labor & Industry		Program Name: Unemployment Insurance Division					
	Fund	Fund Name						
	06069	UI Tax Benefit Fund						
			Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:								
Fee and Charges								
Revenue A			3,594,398	4,197,229	4,985,071	6,370,000	7,180,000	7,445,000
Revenue B			159,224,666	160,367,957	157,284,437	137,711,000	116,425,000	109,208,000
Revenue C			92,485,617	56,772,451	24,674,343	15,053,000	15,300,000	15,800,000
Total Operating Revenues			255,304,681	221,337,637	186,943,851	159,134,000	138,905,000	132,453,000
Expenses:								
Other Operating Expenses								
			217,829,746	179,826,038	136,174,297	136,155,914	134,208,796	134,208,796
Total Operating Expenses			217,829,746	179,826,038	136,174,297	136,155,914	134,208,796	134,208,796
Operating Income (Loss)			37,474,935	41,511,599	50,769,554	22,978,086	4,696,204	(1,755,796)
Nonoperating Revenues:								
Nonoperating Expenses:								
Total Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers			37,474,935	41,511,599	50,769,554	22,978,086	4,696,204	(1,755,796)
Change in Net Position			37,474,935	41,511,599	50,769,554	22,978,086	4,696,204	(1,755,796)
Beginning Net Position - July 1			100,700,222	138,175,157	179,686,756	230,456,310	253,434,396	258,130,600
Change in Net Position			37,474,935	41,511,599	50,769,554	22,978,086	4,696,204	(1,755,796)
Ending Net Position - June 30			138,175,157	179,686,756	230,456,310	253,434,396	258,130,600	256,374,804
Net Position (Fund Balance) Analysis								

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. As shown in the figure above, although premiums are projected to fall throughout the 2017 biennium, the fund balance will increase due to the corresponding decrease in unemployment benefit payments associated with the low unemployment rate.

Rates and Rate Explanation

Requested Rates for Internal Service Funds				
Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:				
Unemployment Insurance Premiums	\$157,284,437	\$137,711,000	\$116,425,000	\$109,208,000
Investment Earnings	\$4,985,071	\$6,370,000	\$7,180,000	\$7,445,000
MCA 39-51-1217 sets the rate which the employers are charged contributions for the purpose of paying Unemployment Insurance Benefits.				

The Unemployment Insurance Division administers the state unemployment insurance law. The rate calculation is set in statute under 39-5-1217, MCA.

Program Budget Comparison

The following table summarizes the total proposed 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	10.00	10.00	10.00	10.00	10.00	10.00	0.00	0.00 %
Personal Services	683,259	729,821	751,029	753,606	1,413,080	1,504,635	91,555	6.48 %
Operating Expenses	240,377	195,525	300,652	300,517	435,902	601,169	165,267	37.91 %
Transfers	56	0	0	0	56	0	(56)	(100.00)%
Debt Service	1,194	0	1,194	1,194	1,194	2,388	1,194	100.00 %
Total Costs	\$924,886	\$925,346	\$1,052,875	\$1,055,317	\$1,850,232	\$2,108,192	\$257,960	13.94 %
General Fund	188,863	195,736	236,199	236,779	384,599	472,978	88,379	22.98 %
State/Other Special Rev. Funds	348,698	324,374	391,516	392,100	673,072	783,616	110,544	16.42 %
Federal Spec. Rev. Funds	387,325	405,236	425,160	426,438	792,561	851,598	59,037	7.45 %
Proprietary Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$924,886	\$925,346	\$1,052,875	\$1,055,317	\$1,850,232	\$2,108,192	\$257,960	13.94 %

Page Reference

Legislative Budget Analysis, A-346

Funding

HB 2 Funding

The majority of the funding for HB 2 supports the Hearings Unit. The state special revenue is mainly derived from the assessments on employers deposited into the employment security account. Unemployment insurance administrative grants make up the majority of the federal funding.

Proprietary rates

The Commissioner's Office has two different proprietary funding sources for the operations of the various functions within the office. A discussion of the proposed uses and funding for each of the functions is included under the Proprietary Rates section of the narrative. These funds are considered and approved as rates charged to other divisions within the agency.

66020 - Department Of Labor And Industry03-Commissioner's Office & Centralized Services 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	200,351	200,351	400,702	84.72 %	847,257	847,257	1,694,514	80.38 %
PL Adjustments	12,439	12,987	25,426	5.38 %	163,569	165,962	329,531	15.63 %
New Proposals	23,409	23,441	46,850	9.91 %	42,049	42,098	84,147	3.99 %
Total Budget	\$236,199	\$236,779	\$472,978		\$1,052,875	\$1,055,317	\$2,108,192	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	1,074	1,666	2,120	4,860	0.00	1,074	1,666	2,120	4,860
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	3,025	0	3,025	0.00	0	3,025	0	3,025
DP 525 - Fixed Cost Adjustment	0.00	18,351	15,974	18,352	52,677	0.00	19,927	17,203	19,927	57,057
DP 527 - Inflation/Deflation Adjustment	0.00	2,961	18,105	2,962	24,028	0.00	6,703	21,017	6,703	34,423
DP 529 - Longevity and Other adjustments	0.00	(1,579)	(2,218)	(3,716)	(7,513)	0.00	(1,037)	(1,457)	(2,442)	(4,936)
DP 530 - Reorganization	0.00	(4,615)	(4,405)	(10,635)	(19,655)	0.00	(4,615)	(4,405)	(10,635)	(19,655)
DP 535 - Program transfers	0.00	0	99,664	(29)	99,635	0.00	0	99,664	(29)	99,635
DP 550 - Motor Pool Adjustment	0.00	0	375	0	375	0.00	0	370	0	370
DP 560 - Adjustments to operating costs	0.00	(2,874)	(4,973)	(5,401)	(13,248)	0.00	(2,899)	(5,199)	(5,420)	(13,518)
DP 570 - Debt Service Funding	0.00	0	0	1,194	1,194	0.00	0	0	1,194	1,194
DP 600 - Additional reduction for reorg	0.00	0	(4,738)	(201)	(4,939)	0.00	0	(4,738)	(201)	(4,939)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	6,279	6,127	13,168	25,574	0.00	6,279	6,127	13,168	25,574
DP 620 - Operating Cost Adjustments	0.00	(7,158)	18,755	(14,041)	(2,444)	0.00	(12,445)	14,651	(19,334)	(17,128)
DP 700 - Proprietary Fund Adjustments	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$12,439	\$147,357	\$3,773	\$163,569	0.00	\$12,987	\$147,924	\$5,051	\$165,962

***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 -

66020 - Department Of Labor And Industry03-Commissioner's Office & Centralized Services Division

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 Commissioner's Office and Centralized Services Division to the Technology Services Division within the department. This included transfers of \$4,615 in general fund, \$4,405 in state special revenue, \$10,635 in federal funds, and 4.50 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.

66020 - Department Of Labor And Industry03-Commissioner's Office & Centralized Services Division

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 700 - Proprietary Fund Adjustments -

The legislature adopted changes in the budget for the proprietary funds in this division.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 303001 - TSD Funding Switch	0.00	23,409	13,124	5,516	42,049	0.00	23,441	13,141	5,516	42,098
Total	0.00	\$23,409	\$13,124	\$5,516	\$42,049	0.00	\$23,441	\$13,141	\$5,516	\$42,098

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

DP 303001 - TSD Funding Switch -

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

Other Issues -

Proprietary Rates

Program Description

The proprietary programs included in the Commissioner's Office are:

- Centralized Services Division
- Legal Unit

06546 Commissioner's Office/CSD - 06546

66020 - Department Of Labor And Industry03-Commissioner's Office & Centralized Services Division

Program Description

Supportive services provided by the Commissioner's Office and Centralized Services Division are funded through an indirect cost rate whereby the department programs are assessed a percentage of their personal services costs.

Expenses

The 2017 Biennium Internal Services and Enterprise Fund Report for this proprietary rate is shown on the following page.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor & Industry			Program Name: Commissioner's Office & Centralized Services Division			
	Fund	Fund Name					
	06546	Commissioners Office/CSD					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,243,530	1,396,190	2,154,039	2,094,607	2,542,057	2,542,057
Other Operating Revenue		2,168	758	13,447	680	-	-
Total Operating Revenues		<u>2,245,698</u>	<u>1,396,948</u>	<u>2,167,486</u>	<u>2,095,287</u>	<u>2,542,057</u>	<u>2,542,057</u>
Expenses:							
Personal Services		1,826,372	2,064,569	2,135,509	2,037,667	2,491,156	2,491,156
Other Operating Expenses		1,240,399	1,379,804	1,467,997	1,405,942	1,595,246	1,595,246
Total Operating Expenses		<u>3,066,771</u>	<u>3,444,373</u>	<u>3,603,506</u>	<u>3,443,609</u>	<u>4,086,402</u>	<u>4,086,402</u>
Operating Income (Loss)		<u>(821,073)</u>	<u>(2,047,425)</u>	<u>(1,436,020)</u>	<u>(1,348,322)</u>	<u>(1,544,345)</u>	<u>(1,544,345)</u>
Nonoperating Revenues:							
Other Revenue A		1,372,370	943,700	1,309,029	1,516,785	1,544,345	1,544,345
Nonoperating Expenses:							
Other Expense A		-	(108,370)	(109,101)	-	-	-
Total Nonoperating Revenues (Expenses)		<u>1,372,370</u>	<u>835,330</u>	<u>1,199,928</u>	<u>1,516,785</u>	<u>1,544,345</u>	<u>1,544,345</u>
Income (Loss) Before Contributions and Transfers		<u>551,297</u>	<u>(1,212,095)</u>	<u>(236,092)</u>	<u>168,463</u>	<u>-</u>	<u>-</u>
Transfers Out		-	(3,092)	-	-	-	-
Change in Net Position		<u>551,297</u>	<u>(1,215,187)</u>	<u>(236,092)</u>	<u>168,463</u>	<u>-</u>	<u>-</u>
Beginning Net Position - July 1		<u>376,332</u>	<u>927,642</u>	<u>(283,744)</u>	<u>(519,836)</u>	<u>(351,373)</u>	<u>(351,373)</u>
Prior Period Adjustments		13	3,801	-	-	-	-
Change in Net Position		551,297	(1,215,187)	(236,092)	168,463	-	-
Ending Net Position - June 30		<u>927,642</u>	<u>(283,744)</u>	<u>(519,836)</u>	<u>(351,373)</u>	<u>(351,373)</u>	<u>(351,373)</u>
Net Position (Fund Balance) Analysis							

It should be noted that the negative fund balance is related to liabilities established for other post-employment benefits. Accounting standards require states to record the cost of providing health insurance to retirees. In Montana, retirees are responsible for payment of any premiums associated with obtaining health insurance. As a result, the fund will not be required to pay any cost for the \$756,000 liability. Without this entry the fund would have a fund balance of \$406,474.

Revenues

The Commissioner’s Office/Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. Indirect costs are allocated to supported programs based on federally calculated and federally approved indirect cost rates applied to actual personal service expenditures as well as rates charged based on time distribution and full time equivalent positions.

Rates and Rate Explanation

The cost allocation plan (CAP) must be approved by the U.S. Department of Labor, which has requirements including a working capital of no more than 60 days. The rate, which is assessed to personal services expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures. The legislature approved the following rates for the 2017 biennium.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	8.00%	8.00%	8.00%	8.00%

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Admin Services - 06552

Program Description

The Office of Legal Services provides legal assistance to the department’s six programs and two administratively attached entities, whereby an hourly rate for attorney fees is established.

The 2017 Biennium Internal Services and Enterprise Fund Report for this proprietary rate is shown on the following page.

66020 - Department Of Labor And Industry03-Commissioner's Office & Centralized Services Division

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor & Industry			Program Name: Commissioner's Office & Centralized Services Division			
	Fund	Fund Name					
	06552	Admin Services					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	1,265,397	855,686	2,421,572	2,421,572	2,575,000	2,575,000
	Total Operating Revenues	1,265,397	855,686	2,421,572	2,421,572	2,575,000	2,575,000
Expenses:							
	Personal Services	1,034,073	1,089,045	1,995,473	1,728,418	2,012,846	2,073,231
	Other Operating Expenses	213,586	181,350	396,264	356,980	420,248	420,248
	Total Operating Expenses	1,247,659	1,270,395	2,391,737	2,085,398	2,433,094	2,493,479
	Operating Income (Loss)	17,738	(414,709)	29,835	336,174	141,906	81,521
Nonoperating Revenues:							
Nonoperating Expenses:							
	Other Expense A	(36,874)	(40,810)	(76,567)	-	-	-
	Total Nonoperating Revenues (Expenses)	(36,874)	(40,810)	(76,567)	-	-	-
	Income (Loss) Before Contributions and Transfers	(19,136)	(455,519)	(46,732)	336,174	141,906	81,521
	Change in Net Position	(19,136)	(455,519)	(46,732)	336,174	141,906	81,521
	Beginning Net Position - July 1	225,958	180,164	(275,355)	(322,087)	14,087	155,993
	Prior Period Adjustments	(26,658)	-	-	-	-	-
	Change in Net Position	(19,136)	(455,519)	(46,732)	336,174	141,906	81,521
	Ending Net Position - June 30	180,164	(275,355)	(322,087)	14,087	155,993	237,514
Net Position (Fund Balance) Analysis							

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by DOLI divisions.

Rates and Rate Explanation

The legislature maintained the 2015 biennium rates for the 2017 biennium as shown in the figure below.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	\$95/hour	\$95/hour	\$95/hour	\$95/hour

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table summarizes the total proposed 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	120.60	120.60	118.06	118.06	120.60	118.06	(2.54)	(2.11)%
Personal Services	7,331,777	8,660,951	8,879,276	8,897,268	15,992,728	17,776,544	1,783,816	11.15 %
Operating Expenses	3,176,136	2,887,381	4,722,066	4,900,342	6,063,517	9,622,408	3,558,891	58.69 %
Equipment & Intangible Assets	10,941	90,810	10,941	10,941	101,751	21,882	(79,869)	(78.49)%
Benefits & Claims	100,389	91,464	100,389	100,389	191,853	200,778	8,925	4.65 %
Total Costs	\$10,619,243	\$11,730,606	\$13,712,672	\$13,908,940	\$22,349,849	\$27,621,612	\$5,271,763	23.59 %
General Fund	978,772	1,047,414	1,425,963	1,426,267	2,026,186	2,852,230	826,044	40.77 %
State/Other Special Rev. Funds	8,894,116	9,648,864	11,562,322	11,749,976	18,542,980	23,312,298	4,769,318	25.72 %
Federal Spec. Rev. Funds	746,355	1,034,328	724,387	732,697	1,780,683	1,457,084	(323,599)	(18.17)%
Total Funds	\$10,619,243	\$11,730,606	\$13,712,672	\$13,908,940	\$22,349,849	\$27,621,612	\$5,271,763	23.59 %

Page Reference

Legislative Budget Analysis, A-357

Funding

HB 2 Funding

General fund supports the personal services and general operating costs of the Human Rights Bureau and a small percentage of the overall administration of the division.

State special revenue funds include:

- Employment security funds generated through an assessment charged to employers as a percentage of their payroll
- An annual administrative assessment of 3% of all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year that funds workers' compensation regulation.
- Contractor registration funding supporting the Workers' Compensation Regulation Bureau and a portion of administration. Registration fees for independent contractor exemptions and construction contractor application fees are deposited into the fund
- Uninsured employer fund assessments statutorily set at the premium uninsured employers would have paid had they been carrying workers' compensation insurance, with a minimum penalty of \$200. The funds are used to provide benefits to employees injured on the job while working for an employer that does not carry workers' compensation insurance as required by law

Proprietary Funds

The division oversees the subsequent injury fund, a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to the 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.

Statutory Appropriations

Payments for indemnity and medical benefits for workers injured while working for a business that does not carry workers' compensation insurance are statutorily appropriated to the division. The costs of administering the program are included as part of HB 2 appropriations.

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	1,070,848	1,070,848	2,141,696	75.09 %	13,278,727	13,278,727	26,557,454	96.15 %
PL Adjustments	332,463	332,767	665,230	23.32 %	(1,110,222)	(915,069)	(2,025,291)	(7.33)%
New Proposals	22,652	22,652	45,304	1.59 %	1,544,167	1,545,282	3,089,449	11.18 %
Total Budget	\$1,425,963	\$1,426,267	\$2,852,230		\$13,712,672	\$13,908,940	\$27,621,612	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	6,499	47,589	3,289	57,377	0.00	6,499	47,589	3,289	57,377
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	137,149	0	137,149	0.00	0	137,149	0	137,149
DP 525 - Fixed Cost Adjustment	0.00	5,417	17,397	2,114	24,928	0.00	13,287	42,668	5,184	61,139
DP 527 - Inflation/Deflation Adjustment	0.00	(579)	(38,305)	(610)	(39,494)	0.00	(542)	(35,863)	(571)	(36,976)
DP 530 - Reorganization	0.00	(23,433)	(1,866,620)	(7,878)	(1,897,931)	0.00	(23,433)	(1,866,620)	(7,878)	(1,897,931)
DP 550 - Motor Pool Adjustment	0.00	(176)	(10,207)	0	(10,383)	0.00	(178)	(10,348)	0	(10,526)
DP 560 - Adjustments to operating costs	0.00	(13,057)	(41,931)	(5,095)	(60,083)	0.00	(11,376)	(46,089)	(2,620)	(60,085)
DP 600 - Additional reduction for reorg	0.00	0	(189,566)	0	(189,566)	0.00	0	(189,476)	0	(189,476)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	(12,531)	179,937	(7,688)	159,718	0.00	(12,426)	180,177	(7,629)	160,122
DP 650 - Reduction in 2.00 FTE	0.00	0	(45,310)	0	(45,310)	0.00	0	(35,222)	0	(35,222)
DP 660 - Additional Funding for Human Rights	0.00	145,323	0	51,399	196,722	0.00	135,936	0	54,066	190,002
DP 680 - Additional Operating Expenses	0.00	0	280,451	0	280,451	0.00	0	279,558	0	279,558
DP 400444 - Statewide 4% FTE Reduction - Program 04	(2.54)	0	0	0	0	(2.54)	0	0	0	0
DP 404001 - HB 334 Generally revise WC	0.00	0	51,200	0	51,200	0.00	0	204,800	0	204,800
DP 404003 - Restore general fund for Human Rights	0.00	225,000	0	0	225,000	0.00	225,000	0	0	225,000
Grand Total All Present Law Adjustments	(2.54)	\$332,463	(\$1,478,216)	\$35,531	(\$1,110,222)	(2.54)	\$332,767	(\$1,291,677)	\$43,841	(\$915,069)

***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 530 - Reorganization -

The legislature adopted the reorganization of the information technology services from the Employment Relations Division to the Technology Services Division within the department. This included transfers of \$23,433 in general fund, \$1,866,620 in state special revenue, \$7,878 in federal funds, and 10.00 FTE in each year of the biennium.

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 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 650 - Reduction in 2.00 FTE -

The legislature reduced personal services supporting FTE within the Department of Labor and Industry that were vacant all of FY 2014.

DP 660 - Additional Funding for Human Rights -

The legislature provided \$145,323 in state special revenue in FY 2016 and \$135,936 in FY 2017 for the Human Rights Bureau.

DP 680 - Additional Operating Expenses -

The legislature provided additional state special revenue for operating expenses.

DP 400444 - Statewide 4% FTE Reduction - Program 04 -

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 2.54 FTE each year.

DP 404001 - HB 334 Generally revise WC -

HB 334, passed by 2011 Legislature, generally revised workers' compensation laws within Montana. Sections 39-71-717 (1-4), MCA, requires the department to provide a medical review panel composed of the department's medical director and two additional physicians to review petitions to reopen medical benefits that terminate. The two additional physicians on the medical panel are reimbursed as provided in statute, travel, if it is required for a review and a reasonable fee for services. By law, the first time a review of medical benefits could occur is April 1, 2016.

DP 404003 - Restore general fund for Human Rights -

The legislature restored \$225,000 general fund to support the Human Rights Bureau. In the 2015 biennium, general fund was offset by available fund balance in federal funds that could support the program.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 404005 - TSD Funding Switch	0.00	22,652	1,497,673	23,842	1,544,167	0.00	22,652	1,498,788	23,842	1,545,282
DP 404006 - Coal Mine Safety Funding Switch	0.00	0	152,192	(152,192)	0	0.00	0	152,192	(152,192)	0
Total	0.00	\$22,652	\$1,649,865	(\$128,350)	\$1,544,167	0.00	\$22,652	\$1,650,980	(\$128,350)	\$1,545,282

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

DP 404005 - TSD Funding Switch -

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

DP 404006 - Coal Mine Safety Funding Switch -

The legislature provided for a federal fund switch of \$151,620 in both years of the biennium. The Mine Safety and Health Administration (MSHA) has notified the division that Montana will not be receiving any additional federal mining funds. Due to the lack of federal funding, the Workers' Compensation Fund will support mine consultation services provided by the Safety Bureau previously paid for using federal MSHA funds.

Other Issues -**Proprietary Rates****Subsequent Injury Trust Fund - 06040***Proprietary Program Description*

The Subsequent Injury Fund was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. The incentive has a limit of 104 weeks of benefits paid by their Workers' Compensation carrier in the event of an on-the-job injury to the certified employee, thus minimizing workers' compensation expenses. Beginning July 1, 1999, the fund is maintained by annual assessment of all Montana Workers' Compensation insurers, including self-insured employers, private insurers, and the State Fund. The asset balance is maintained at approximately \$700,000 to provide an operating balance for payment of benefits and administrative costs (39-71-901-920, MCA).

The 2017 Biennium Report on Internal Service and Enterprise Funds is presented on the following page.

2017 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Program Name				
6040	Subsequent Injury Fund	66020	Employment Relations Division				
				Actual	Budgeted	Budgeted	Budgeted
				FY14	FY15	FY16	FY17
Operating Revenues							
Fees and Charges							
Fee Revenue A	Subsequent Injury Fund Assessment (and Surch		1,018,105	1,500,000	1,500,000	1,500,000	1,500,000
Other Operating Revenues							
Revenue A	Investment Earnings		53	1,000	1,000	1,000	1,000
Revenue B	Securities Lending Income		-				
Revenue C	Other Operating Revenues		302	600	600	600	600
Total Operating Revenues			1,018,460	1,501,600	1,501,600	1,501,600	1,501,600
Expenses							
Personal Services							
Other Operating Expense							
Expense A	Benefits and Claims		689,262	1,000,000	1,250,000	1,250,000	1,250,000
Total Operating Expense			689,262	1,000,000	1,250,000	1,250,000	1,250,000
Operating Income (Loss)			329,198	501,600	251,600	251,600	251,600
Income (Loss) Before Contributions and Transfers			329,198	501,600	251,600	251,600	251,600
Transfers Out			(37,843)	(32,500)	(33,966)	(34,363)	(34,363)
Change in Net Position			291,355	469,100	217,634	217,237	217,237
Beginning Net Position - July 1			(3,484,166)	(3,192,811)	(2,723,711)	(2,506,077)	(2,506,077)
Prior Period Adjustments							
Change in Net Position			291,355	469,100	217,634	217,237	217,237
Ending Net Position - June 30			(3,192,811)	(2,723,711)	(2,506,077)	(2,288,840)	(2,288,840)

It should be noted that the negative fund balance is related to liabilities established for long-term claims payable of \$2.0 million. By statute, insurers are assessed the costs of the benefits, claims, and administration from the preceding year. So in FY 2015 the insurers would be expected to pay \$689,262.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The estimate rates for the program are shown in the following figure.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Admin Assessment and Surcharge				
Plan I - Insureds (Admin cots & benefits paid to certified claimants)	127,827	216,815	216,815	216,815
Plan II - Insureds (Admin cots & benefits paid to certified claimants)	365,563	574,592	574,592	574,592
Plan III - Old Insureds (Admin cots & benefits paid to certified claimants)	17,557	25,595	25,595	25,595
Plan III - New Insureds (Admin cots & benefits paid to certified claimants)	430,675	682,998	682,998	682,998
The rates are based on the four Workers' Compensation (WC) insurance plans' share of the WC market as compared to the net outlay of the Subsequent Injury Fund (SIF) in a calendar year. Please see 39-71-915, MCA, for particular details.				

Program Budget Comparison

The following table summarizes the total proposed 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 %

Page Reference

Legislative Budget Analysis, A-368

Funding

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

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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 for the Board of Nursing, Board of Pharmacy, Board of Dentistry, and Board of Medical Examiners in-house, 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 have also expressed strong opposition to bringing this program in house. As a result, the programs are still being privately contracted. 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 continuing needed enhancements to the MPDR database that are currently covered by a grant that will be exhausted in FY 2015. 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 -

Business Standards Division requests 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 requests \$56,550 in FY 2016 and \$58,000 in FY 2017. The Professional Licensing & Board Management Bureaus request \$275,000

in each year of the biennium. The division will 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 changes from the legislative appropriation for FY 15 to the proposed budget.

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.

Program Budget Comparison

The following table summarizes the total proposed 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	33.00	33.00	0.00	0.00	33.00	0.00	(33.00)	(100.00)%
Personal Services	2,032,307	2,530,255	0	0	4,562,562	0	(4,562,562)	(100.00)%
Operating Expenses	5,811,595	4,431,291	0	0	10,242,886	0	(10,242,886)	(100.00)%
Debt Service	1,011	870	0	0	1,881	0	(1,881)	(100.00)%
Total Costs	\$7,844,913	\$6,962,416	\$0	\$0	\$14,807,329	\$0	(\$14,807,329)	(100.00)%
General Fund	31,465	30,172	0	0	61,637	0	(61,637)	(100.00)%
State/Other Special Rev. Funds	4,412,484	4,411,031	0	0	8,823,515	0	(8,823,515)	(100.00)%
Federal Spec. Rev. Funds	3,400,964	2,521,213	0	0	5,922,177	0	(5,922,177)	(100.00)%
Proprietary Funds	0	0	0	0	0	0	0	0.00%
Total Funds	\$7,844,913	\$6,962,416	\$0	\$0	\$14,807,329	\$0	(\$14,807,329)	(100.00)%

Page Reference

Legislative Budget Analysis, A-378

Funding

HB 2

The legislature approved elimination over \$8.0 million in HB 2 funding annually for this program and shifted the funding to a proprietary rate.

Proprietary Rates

The legislature established a proprietary rate for this function. This is discussed further in the "Proprietary Rate" section of the narrative.

Budget Summary by Category

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

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	0	0	0	0.00%	0	0	0	0.00%
PL Adjustments	42,941	43,653	86,594	0.00%	8,186,735	8,226,177	16,412,912	0.00%
New Proposals	(42,941)	(43,653)	(86,594)	0.00%	(8,186,735)	(8,226,177)	(16,412,912)	0.00%
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments -

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

	-----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	180	9,908	5,950	16,038	0.00	180	9,908	5,950	16,038
DP 527 - Inflation/Deflation Adjustment	0.00	(1)	(116)	(77)	(194)	0.00	(1)	(117)	(77)	(195)
DP 529 - Longevity and Other adjustments	0.00	(619)	(34,028)	(20,436)	(55,083)	0.00	(619)	(34,030)	(20,436)	(55,085)
DP 530 - Reorganization	0.00	40,708	5,938,838	3,513,023	9,492,569	0.00	40,708	5,938,838	3,513,023	9,492,569
DP 550 - Motor Pool Adjustment	0.00	0	21	0	21	0.00	0	21	0	21
DP 620 - Operating Cost Adjustments	0.00	2,673	(1,188,861)	(80,428)	(1,266,616)	0.00	3,385	(1,158,995)	(71,561)	(1,227,171)
Grand Total All Present Law Adjustments	0.00	\$42,941	\$4,725,762	\$3,418,032	\$8,186,735	0.00	\$43,653	\$4,755,625	\$3,426,899	\$8,226,177

**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 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 each of the divisions to the Technology Services Division within the department. This included transfers of \$40,708 in general fund, \$5,938,838 in state special revenue, \$3,513,023 in federal funds, and 33.00 FTE in each year of the biennium.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 620 - Operating Cost Adjustments -

The legislature adopted operating cost adjustments for the division.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 606001 - TSD Funding Switch	(33.00)	(42,941)	(4,725,762)	(3,418,032)	(8,186,735)	(33.00)	(43,653)	(4,755,625)	(3,426,899)	(8,226,177)
Total	(33.00)	(\$42,941)	(\$4,725,762)	(\$3,418,032)	(\$8,186,735)	(33.00)	(\$43,653)	(\$4,755,625)	(\$3,426,899)	(\$8,226,177)

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

DP 606001 - TSD Funding Switch -

The legislature provided authority for the Technology Services Division to fund its operations through proprietary funding establishing rates for this function within the agency.

Other Issues -

Technical Services - 06568

Program Description

The division provides technical services, network services, help desk, project management, and application services including computer programming and database management.

The 2017 Biennium Report on Internal Services and Enterprise Funds is shown in the figure on the following page.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor & Industry			Program Name: Technology Services Division			
	Fund	Fund Name					
	06568	Technical Services					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,120,247	1,743,663	2,070,990	2,070,990	11,251,813	11,293,960
Total Operating Revenues		2,120,247	1,743,663	2,070,990	2,070,990	11,251,813	11,293,960
Expenses:							
Personal Services		1,506,989	1,460,046	1,560,023	1,467,599	4,624,549	4,627,866
Other Operating Expenses		380,594	456,980	586,140	579,604	6,429,264	6,468,094
Total Operating Expenses		1,887,583	1,917,026	2,146,163	2,047,203	11,053,813	11,095,960
Operating Income (Loss)		232,664	(173,363)	(75,173)	23,787	198,000	198,000
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(58,560)	(66,298)	(71,067)	(77,815)	(84,069)	(90,322)
Total Nonoperating Revenues (Expenses)		(58,560)	(66,298)	(71,067)	(77,815)	(84,069)	(90,322)
Income (Loss) Before Contributions and Transfers		174,104	(239,661)	(146,240)	(54,028)	113,931	107,678
Change in Net Position		174,104	(239,661)	(146,240)	(54,028)	113,931	107,678
Beginning Net Position - July 1		8,748	182,852	(56,809)	(203,049)	(257,077)	(143,146)
Change in Net Position		174,104	(239,661)	(146,240)	(54,028)	113,931	107,678
Ending Net Position - June 30		182,852	(56,809)	(203,049)	(257,077)	(143,146)	(35,468)
Net Position (Fund Balance) Analysis							

Revenue for this fund is collected via four separate indirect cost rates. The rates include the following:

- The Technical Services Rate is an indirect cost rate, assessed monthly on department FTE. It is calculated by dividing the total anticipated expenses of the program by the total FTE per month, resulting in a per FTE cost. When calculating the rate, the numerator (total anticipated expenses of the program) can be increased or decreased to account for over or under collections in previous years.
- The Application Services Rate is an indirect cost rate, assessed monthly on direct regular hours charged by application services staff. It is calculated by dividing the total anticipated expenses of the program by the total anticipated annual hours resulting in a per hour cost.
- The Enterprise Services Rate is calculated on specific SITSD services that benefit the department as a whole. The total budgeted SITSD rate for a portion of Asset Broker, Enterprise Services, Equipment hosting, Operational Support, Server, and Storage hosting services are allocated back to divisions based on FTE percentages.
- The Direct Services Rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures. This is the only rate not federally negotiated as it is a pass through of actual expenses. The rates charged must be approved each fiscal year by the USDOL Federal Cost Negotiator. The actual rate charged can differ from the requested rate due to the fact that estimates can be more accurate the closer we get to the year in question. Historically, the rate actually charged has been less than the legislatively approved rate.

Proprietary Rates

The legislature adopted the rates as shown in the following figure. e divisions within DOLI.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:				
Requested Direct Rate			84	84
Requested Indirect Rate	192	192	256	256
Requested Enterprise Rate			964,715	968,791
Requested Direct Actuals			\$ 4,102,160	\$ 4,107,207

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table summarizes the total proposed 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	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00 %
Personal Services	233,301	363,059	298,772	298,237	596,360	597,009	649	0.11 %
Operating Expenses	151,057	210,141	175,275	177,291	361,198	352,566	(8,632)	(2.39)%
Grants	2,420,936	2,923,426	2,886,516	2,886,519	5,344,362	5,773,035	428,673	8.02 %
Transfers	110,621	150,000	0	0	260,621	0	(260,621)	(100.00)%
Total Costs	\$2,915,915	\$3,646,626	\$3,360,563	\$3,362,047	\$6,562,541	\$6,722,610	\$160,069	2.44 %
General Fund	125,207	128,855	149,004	150,847	254,062	299,851	45,789	18.02 %
State/Other Special Rev. Funds	12,965	77,232	13,040	13,040	90,197	26,080	(64,117)	(71.09)%
Federal Spec. Rev. Funds	2,777,743	3,440,539	3,198,519	3,198,160	6,218,282	6,396,679	178,397	2.87 %
Total Funds	\$2,915,915	\$3,646,626	\$3,360,563	\$3,362,047	\$6,562,541	\$6,722,610	\$160,069	2.44 %

Page Reference

Legislative Budget Analysis, A-386

Funding

The majority of the funding for the program is provided through federal AmeriCorp grants. General fund and state special revenue fund most of the administrative expenses for the program, with federal revenue providing the remainder, including the funding for grants and special projects administered by the program.

Budget Summary by Category

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

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	130,979	130,979	261,958	87.36 %	3,601,485	3,601,485	7,202,970	107.15 %
PL Adjustments	14,521	16,364	30,885	10.30 %	(248,488)	(247,004)	(495,492)	(7.37)%
New Proposals	3,504	3,504	7,008	2.34 %	7,566	7,566	15,132	0.23 %
Total Budget	\$149,004	\$150,847	\$299,851		\$3,360,563	\$3,362,047	\$6,722,610	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	603	0	1,341	1,944	0.00	603	0	1,341	1,944
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	40	0	40	0.00	0	40	0	40
DP 525 - Fixed Cost Adjustment	0.00	1,296	0	1,503	2,799	0.00	1,310	0	1,519	2,829
DP 527 - Inflation/Deflation Adjustment	0.00	(338)	0	(392)	(730)	0.00	(336)	0	(389)	(725)
DP 529 - Longevity and Other adjustments	0.00	(219)	0	(486)	(705)	0.00	(98)	0	(217)	(315)
DP 530 - Reorganization	0.00	(2,124)	0	(2,735)	(4,859)	0.00	(2,124)	0	(2,735)	(4,859)
DP 550 - Motor Pool Adjustment	0.00	0	0	(20)	(20)	0.00	0	0	(20)	(20)
DP 560 - Adjustments to operating costs	0.00	237	0	526	763	0.00	2,237	0	526	2,763
DP 600 - Additional reduction for reorg	0.00	2,774	0	0	2,774	0.00	2,774	0	0	2,774
DP 610 - Boilerplate allocation of 4% Reduction	0.00	2,704	75	9,146	11,925	0.00	2,704	75	9,146	11,925
DP 620 - Operating Cost Adjustments	0.00	10,910	(12,977)	(232,861)	(234,928)	0.00	10,725	(12,950)	(232,719)	(234,944)
DP 640 - Other Personal Services Changes	0.00	(1,322)	(1,330)	(24,839)	(27,491)	0.00	(1,431)	(1,357)	(25,628)	(28,416)
Grand Total All Present Law Adjustments	0.00	\$14,521	(\$14,192)	(\$248,817)	(\$248,488)	0.00	\$16,364	(\$14,192)	(\$249,176)	(\$247,004)

***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 service from the Office of Community Services to the Technology Services Division within the department. This included transfers of \$2,124 in general fund and \$2,735 in federal revenue in each year of the biennium.

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 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 640 - Other Personal Services Changes -

The legislature adopted personal services changes for this division.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 707002 - TSD Funding Switch	0.00	3,504	0	4,062	7,566	0.00	3,504	0	4,062	7,566
Total	0.00	\$3,504	\$0	\$4,062	\$7,566	0.00	\$3,504	\$0	\$4,062	\$7,566

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

DP 707002 - TSD Funding Switch -

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

Program Budget Comparison

The following table summarizes the total proposed 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	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00 %
Personal Services	494,589	535,263	559,976	560,822	1,029,852	1,120,798	90,946	8.83 %
Operating Expenses	137,589	140,360	149,598	149,571	277,949	299,169	21,220	7.63 %
Debt Service	0	0	2,315	2,315	0	4,630	4,630	0.00 %
Total Costs	\$632,178	\$675,623	\$711,889	\$712,708	\$1,307,801	\$1,424,597	\$116,796	8.93 %
State/Other Special Rev. Funds	632,178	675,623	711,889	712,708	1,307,801	1,424,597	116,796	8.93 %
Total Funds	\$632,178	\$675,623	\$711,889	\$712,708	\$1,307,801	\$1,424,597	\$116,796	8.93 %

Page Reference

Legislative Budget Analysis, A-391

Funding

The court is entirely funded with state special revenue derived from a fee charged to workers compensation carriers in Montana. The fee is passed on to Montana business when their workers' compensation premiums are determined by the carriers.

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	0	0	0	0.00 %	681,248	681,248	1,362,496	0.00 %
PL Adjustments	0	0	0	0.00 %	19,632	20,451	40,083	0.00 %
New Proposals	0	0	0	0.00 %	11,009	11,009	22,018	0.00 %
Total Budget	\$0	\$0	\$0		\$711,889	\$712,708	\$1,424,597	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	3,402	0	3,402	0.00	0	3,402	0	3,402
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	10,067	0	10,067	0.00	0	10,067	0	10,067
DP 525 - Fixed Cost Adjustment	0.00	0	5,306	0	5,306	0.00	0	5,287	0	5,287
DP 527 - Inflation/Deflation Adjustment	0.00	0	(971)	0	(971)	0.00	0	(907)	0	(907)
DP 529 - Longevity and Other adjustments	0.00	0	(4,158)	0	(4,158)	0.00	0	(3,312)	0	(3,312)
DP 530 - Reorganization	0.00	0	(5,625)	0	(5,625)	0.00	0	(5,625)	0	(5,625)
DP 550 - Motor Pool Adjustment	0.00	0	(102)	0	(102)	0.00	0	(104)	0	(104)
DP 560 - Adjustments to operating costs	0.00	0	(5,373)	0	(5,373)	0.00	0	(5,373)	0	(5,373)
DP 570 - Debt Service Funding	0.00	0	2,315	0	2,315	0.00	0	2,315	0	2,315
DP 600 - Additional reduction for reorg	0.00	0	(4,240)	0	(4,240)	0.00	0	(4,240)	0	(4,240)
DP 610 - Boilerplate allocation of 4% Reduction	0.00	0	21,027	0	21,027	0.00	0	21,027	0	21,027
DP 620 - Operating Cost Adjustments	0.00	0	(2,016)	0	(2,016)	0.00	0	(2,086)	0	(2,086)
Grand Total All Present Law Adjustments	0.00	\$0	\$19,632	\$0	\$19,632	0.00	\$0	\$20,451	\$0	\$20,451

***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 service from the Workers' Compensation Court to the Technology Services Division within the department. This included transfers of \$5,625 in state special revenue in each year of the biennium.

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.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 909003 - TSD Funding Switch	0.00	0	11,009	0	11,009	0.00	0	11,009	0	11,009
Total	0.00	\$0	\$11,009	\$0	\$11,009	0.00	\$0	\$11,009	\$0	\$11,009

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

DP 909003 - TSD Funding Switch -

The legislature provided for operating expenses related the reorganization of the Technology Services Division. These costs are the estimated amount the Worker's Compensation Court will be assessed through Technology Services Division rates.