

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	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 %

Program Description

The Commissioner's Office and the Centralized Services Division (Commissioner's Office) provide program direction, legal, administration, and support services to the department's six programs and two administratively attached entities. The Office of Administrative Hearings makes up the majority of the functions provided for in HB 2.

Program Highlights

Commissioner's Office and Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The legislature provided an increased 2017 biennial budget of 26.4% when compared to 2015 biennium appropriations • Increased personal services costs are due the transfer of FTE and authority from other divisions and reclassification of a position

Program Narrative

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

The following table highlights how the executive implementation of FY 2015 appropriations shown in the budget comparison table differs from the FY 2015 legislative appropriations used for purposes of the budget base.

Department of Labor & Industry - Commissioner's Office FY 2015 Appropriation Transactions							
Program	Legislative Approps	Legislative App OTO	House Adjustment	Operating Plan	Program Transfers	Reorgs	Total Exec. Implement
Personal Services	\$672,423	\$0	\$0	\$0	\$70,000	(\$12,602)	\$729,821
Operations	174,834	-	-	-	29,635	(8,943)	195,526
Program Total	\$847,257	\$0	\$0	\$0	\$99,635	(\$21,545)	\$925,347

The majority of the changes were related to the funding authority that was transferred from other programs to the Commissioner's Office increasing personal services by 10.4% and operating expenses by 16.9%. DOLI transferred 1.00 FTE, an employment specialist position, from the Workforce Services Division to the Commissioner's Office. The Commissioner's Office reclassified the position to a public relations specialist and was provided support for the new position in HB 2. In addition, the formation of the Technology Services Division meant that the Commissioner's Office transferred \$12,602 in personal services appropriation authority and \$8,943 in operating expenses to the newly formed division from authority provided in HB 2. Funding and related FTE transferred from the proprietarily supported programs within the Commissioner's Office.

Legislative Budget

The program budget comparison table shows the impacts of the budget changes after the transfers of appropriation authority are taken into account.

In addition to increases that result from the implementation of pay raises and health insurance contributions included in HB 13, personal services increases include:

- Market and reclassification increases granted throughout FY 2014 that are annualized for the 2017 biennium. The majority of these costs are related to reclassifying an administrative support supervisor to a lawyer position
- 1.00 FTE transferred from the Workforce Services Division
- Vacancy savings that were 10.5% in FY 2014 compared to a budgeted rate of 6.0%; the legislature provided full funding of positions that were unfilled during all or a portion of FY 2014
- Employee attainment of longevity milestones in the 2017 biennium
- Funding for the 2% vacancy savings assessed in the 2015 biennium
- Changes in employer retirement

When compared to the 2015 legislative base budget, operating costs increase by about \$400,000 each year of the biennium. \$153,000 in FY 2016 and \$168,000 in FY 2017 is due to the implementation of proprietary rates for the Technology Service Division. As shown in the figure above, the division transferred \$8,900 in operating expenses and \$12,600 in personal services to TSD in FY 2014. Both components are included in the rates as operating expenses for the 2017 biennium. Increases to costs of TSD are presented in the "Proprietary Rate" narrative for that division. The legislature approved program transfers from other divisions at \$30,000 each year of the beinnium. The remaining increases are due to higher fixed costs including rent costs.

Funding

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

66020 - Department of Labor and Industry 03-Commissioner's Office & Centralized Services Div

Department of Labor and Industry, 03-Commissioner's Office & Centralized Services Div						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	472,978	0	0	472,978	2.65 %	
02190 OCS CBI Training	0	0	0	0	0.00 %	
02233 BSD Hearings	80,356	0	0	80,356	10.25 %	
02258 Employment Security Account	687,671	0	0	687,671	87.76 %	
02315 DLI Info Exchange/Rental	2,142	0	0	2,142	0.27 %	
02455 Workers Comp Regulation	13,447	0	0	13,447	1.72 %	
02833 Board Of Nursing	0	0	0	0	0.00 %	
State Special Total	\$783,616	\$0	\$0	\$783,616	4.40 %	
03122 EEOC	65,052	0	0	65,052	7.64 %	
03124 Employment Trng Grants	19,175	0	0	19,175	2.25 %	
03195 On-Site Consultation	0	0	0	0	0.00 %	
03293 Country of Origin Labeling	0	0	0	0	0.00 %	
03322 MT Community Service FSR	0	0	0	0	0.00 %	
03389 ARRA UI Modernization	0	0	0	0	0.00 %	
03694 Trade Adjustment Assist/NAFTA	0	0	0	0	0.00 %	
03954 UI Administrative Grants	767,371	0	0	767,371	90.11 %	
Federal Special Total	\$851,598	\$0	\$0	\$851,598	4.78 %	
06546 Commissioners Office/CSD	0	11,200,599	0	11,200,599	71.30 %	
06552 Admin Services	0	4,508,594	0	4,508,594	28.70 %	
06568 Technical Services	0	0	0	0	0.00 %	
Proprietary Total	\$0	\$15,709,193	\$0	\$15,709,193	88.17 %	
Total All Funds	\$2,108,192	\$15,709,193	\$0	\$17,817,385		

HB 2 Funding

The majority of the funding for HB 2 supports the Office of Administrative Hearings. 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.

Budget Summary by Category

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

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	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 to the base budget provide for increases of 15.6% when compared to the 2015 base budget doubled. Program transfers from other divisions make up the majority of the increase. New proposals for proprietary rates related to information technology services were approved.

Present Law Adjustments

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

66020 - Department of Labor and Industry03-Commissioner's Office & Centralized Services Div

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 -

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.

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.

66020 - Department of Labor and Industry03-Commissioner's Office & Centralized Services Div

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 adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 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

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.

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.

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	\$103/hour	\$103/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.