

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	730.08	730.08	755.08	755.08	730.08	755.08	25.00	3.42%
Personal Services	37,295,537	43,870,969	41,047,675	41,389,750	81,166,506	82,437,425	1,270,919	1.57%
Operating Expenses	17,451,034	22,742,465	22,778,505	21,583,662	40,193,499	44,362,167	4,168,668	10.37%
Equipment & Intangible Assets	437,097	561,339	444,032	437,032	998,436	881,064	(117,372)	(11.76%)
Capital Outlay	0	0	163,700	0	0	163,700	163,700	n/a
Grants	8,087,502	11,392,270	8,087,502	8,087,502	19,479,772	16,175,004	(3,304,768)	(16.97%)
Benefits & Claims	126,085	156,586	126,085	126,085	282,671	252,170	(30,501)	(10.79%)
Transfers	1,011,753	618,381	633,556	636,083	1,630,134	1,269,639	(360,495)	(22.11%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
<b>Total Costs</b>	<b>\$64,412,783</b>	<b>\$79,345,785</b>	<b>\$73,284,830</b>	<b>\$72,263,889</b>	<b>\$143,758,568</b>	<b>\$145,548,719</b>	<b>\$1,790,151</b>	<b>1.25%</b>
General Fund	2,235,593	2,134,687	2,596,770	2,612,713	4,370,280	5,209,483	839,203	19.20%
State Special	33,593,817	36,684,078	39,049,022	38,237,903	70,277,895	77,286,925	7,009,030	9.97%
Federal Special	28,535,931	34,251,539	31,543,848	31,312,994	62,787,470	62,856,842	69,372	0.11%
Other	47,442	6,275,481	95,190	100,279	6,322,923	195,469	(6,127,454)	(96.91%)
<b>Total Funds</b>	<b>\$64,412,783</b>	<b>\$79,345,785</b>	<b>\$73,284,830</b>	<b>\$72,263,889</b>	<b>\$143,758,568</b>	<b>\$145,548,719</b>	<b>\$1,790,151</b>	<b>1.25%</b>

**Agency Description**

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

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

- Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts research and collects employment statistics
- Administers the unemployment insurance program and disburses state unemployment benefits
- Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Provides adjudicative services in labor-management disputes
- Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provides administrative and clerical services to the 39 professional boards and occupational licensing programs authorized by state statutes
- Establishes and enforces minimum building codes
- Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Oversees and regulates the Montana Workers' Compensation system

Organizationally, the department is divided into five divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Relations; and 5) Business Standards. The Office of Community Services, Workers' Compensation Court, and three boards are administratively attached.

## Agency Highlights

<b>Department of Labor and Industry</b> <b>HB 2 Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increases by 1.25 percent in the 2011 biennium from the 2009 biennium</li> <li>◆ The legislature approved a 19.2 percent increase in funding from the general fund in the 2011 biennium from the 2009 biennium that includes support for statewide present law adjustments, general operating increases in several divisions, and work force training programs</li> <li>◆ A \$20 million annual increase in proprietary fund spending authority has been added for increased unemployment benefit payments</li> <li>◆ A funding switch moves 33 FTE and associated costs to HB 2 funded programs from proprietary funded programs</li> <li>◆ The legislature added 5.0 FTE and associated costs in various programs</li> <li>◆ The creation of the Office of Information Technology moves 13.0 HB 2 funded FTE to the proprietary funded program</li> <li>◆ The legislature added an unspecified reduction of general fund to the agency totaling \$93,266 over the biennium with language that allows the distribution of the reduction among agency programs</li> <li>◆ Funding for the implementation of HB 13 (the pay plan bill) was added by the legislature</li> <li>◆ Funding was removed by the legislature for the Athletics Licensing program in conjunction with the passage of SB 171</li> <li>◆ Funding was added by the legislature for the “WorkSafeMT” program that includes: <ul style="list-style-type: none"> <li>• 3.0 FTE and associated operating costs for the on-going operation of the program</li> <li>• \$1.0 million in one-time-only funding for the program’s initial start-up costs</li> </ul> </li> <li>◆ Language added by the legislature appropriates up to \$20,000 of state special revenue for replacement judges when the workers’ compensation judge must recuse himself from a case</li> </ul>	
<b>HB 645 Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ Funding of over \$5.9 million is provided to the division for adult, youth, and dislocated worker training programs in the Workforce Services Division</li> <li>◆ \$1.1 million in federal funds were added for job service center support</li> <li>◆ Statutory changes to Unemployment Insurance laws include: <ul style="list-style-type: none"> <li>• Adoption of Alternative Base Period (ABP)</li> <li>• Benefits for part-time employees</li> <li>• Benefits for individuals participating in approved worker training programs</li> </ul> </li> <li>◆ Funding of \$1.4 million was added for improved outreach, benefit and tax operations, and staff-assisted re-employment services for UI compensation claimants</li> <li>◆ Funding of \$0.5 million was added for the administration of UI program “modernization” that includes the statutory changes above</li> <li>◆ Administrative costs of a number of increased and expanded direct benefit payments to claimants are included in the bill</li> <li>◆ \$207 million in additional funding in addition to the appropriations in HB 645 is provided by the ARRA directly to the division.</li> <li>◆ The legislature included \$500,000 additional federal funds spending authority for community service grant funding</li> </ul>	

### Summary of Legislative Action

The legislatively approved budget slightly increases total expenditures by the agency when compared to the prior biennium, due primarily to the operational changes approved by the legislature in proprietary programs. The total increase of 25.0 FTE include a net change of 20.0 FTE resulting from movement of 33.00 FTE to HB 2 from a Business Standards Division proprietary funded program and 13.00 FTE from HB 2 to the Office of Information Technology, a newly approved, off-budget proprietary program within the Central Services Division. The net impact of these proposals is negligible because it represents a funding switch rather than a funding increase. Three of the remaining 5.0 FTE were approved as a result of the WorkSafeMT proposal, an outreach program targeted to employers to decrease work place injury occurrence with the goal of reducing workers' compensation rates. 1.00 FTE was approved for the Business Services Division for an IT support specialist and 1.00 FTE to the Workers' Compensation Court for an additional clerical clerk.

Changes in FTE Resulting from HB 2 Actions						
FTE Type	Beginning Number of FTE	BSD Funding Change	Office of Information Technology	Other HB 2 Changes	Ending Number of FTE	Total Change in FTE
HB2 Budgeted	730.08	33.00	-13.00	5.00	755.08	25.00
Proprietary Non-budgeted	52.75	-33.00	13.00	0.00	32.75	-20.00
Total	782.83	0.00	0.00	5.00	787.83	5.00

The legislature approved an appropriation of \$400,000 state special revenue funds each year of the biennium for the consolidation of workforce technology infrastructure and moves the Jobs for Montana Graduates program, the Apprenticeship and Training program, the WIRED program, and the Statewide Workforce Investment Board (SWIB) into the 21<sup>st</sup> Century Workforce Technology, Apprenticeship and Training Bureau. An additional \$275,000 restricted annual general fund has been approved for the Community College Student Growth account. General operating expense increases were approved by the legislature in all agency divisions with the exception of the Office of Community Services. Funding was provided by the legislature for the implementation of the pay plan bill (HB 13).

A funding switch was approved by the legislature that substitutes state special revenue for federal special revenue to support administrative functions for the Unemployment Insurance Division due to shrinking federal funding availability.

The legislature has removed funding for the Athletics Licensing program of the Business Standards Division resulting in a decrease in state special revenue spending. This reduction was made in conjunction with legislation removing the program from statute.

### Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Work Force Services Division	\$ 2,037,734	\$ 16,673,984	\$ 37,222,965	\$ -	\$ 55,934,683	38.43%
02 Unemployment Insurance Divisio	-	7,345,427	17,628,199	-	24,973,626	17.16%
03 Commissioner'S Office/Csd	522,506	1,544,985	1,152,889	181,819	3,402,199	2.34%
04 Employment Relations Division	2,401,816	21,176,194	1,320,818	13,650	24,912,478	17.12%
05 Business Standards Division	-	29,140,068	-	-	29,140,068	20.02%
07 Office Of Community Services	247,427	78,802	5,531,971	-	5,858,200	4.02%
09 Workers Compensation Court	-	1,327,465	-	-	1,327,465	0.91%
Grand Total	\$ 5,209,483	\$ 77,286,925	\$ 62,856,842	\$ 195,469	\$ 145,548,719	100.00%

The Department of Labor and Industry is supported by general fund, state special revenue, federal special revenue, and proprietary funds. General fund comprises approximately 3.7 percent of the total funding for the agency and supports Workforce Services Division oversight operations and research and analysis; Unemployment Insurance Division Legal and Hearing Bureaus; the Human Rights Board in its entirety; administrative functions within the Employment Relations

Division for worker's compensation regulation, Management Services, and Occupational Safety Bureaus; and the administration of community service grants. A large percentage of the federal funding is in the form of grants for workforce training and unemployment insurance benefit administration. The largest state special revenue source is unemployment insurance tax revenues. Internal service proprietary funds have root sources of funding that may include general fund, state special revenue, or federal special revenue. The net increase in both general fund and state special revenue is primarily attributable to funding switches and changes in proprietary programs.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,235,593	2,235,593	4,471,186	85.83%	64,412,783	64,412,783	128,825,566	88.51%
Statewide PL Adjustments	111,240	116,162	227,402	4.37%	3,408,202	3,568,479	6,976,681	4.79%
Other PL Adjustments	64,710	61,898	126,608	2.43%	1,762,695	1,703,713	3,466,408	2.38%
New Proposals	185,227	199,060	384,287	7.38%	3,701,150	2,578,914	6,280,064	4.31%
<b>Total Budget</b>	<b>\$2,596,770</b>	<b>\$2,612,713</b>	<b>\$5,209,483</b>		<b>\$73,284,830</b>	<b>\$72,263,889</b>	<b>\$145,548,719</b>	

### Other Legislation

**HB 645** – This bill is the appropriations bill for funds received by the state from the federal government under the American Recovery and Reinvestment Act (ARRA) of 2009. The Department of Labor and Industry is provided \$15.3 million in federal fund spending authority for worker and community benefit programs including worker training programs, special assistance to workers displaced by trade activities, re-employment services, job search assistance, funding for community service programs, and funding for the modernization and administration of the Unemployment Insurance Program.

Total Agency Funding - HB 645			
2011 Biennium Budget			
Agency Program	Fed Spec.	Grand Total	Total %
01 Work Force Services Division	\$ 10,618,824	\$ 10,618,824	69.16%
02 Unemployment Insurance Divisio	4,235,273	4,235,273	27.58%
07 Office Of Community Services	500,000	500,000	3.26%
Grand Total	<u>\$ 15,354,097</u>	<u>\$ 15,354,097</u>	<u>100.00%</u>

Funding for the extension and expansion of unemployment insurance for the payment of benefits to claimants in addition to the administrative expense funding are not appropriated in this bill because the funds are transferred into a proprietary enterprise account that does not require appropriation.

### *Purpose of the Funding*

The federal stimulus funds that are being made available through the Department of Labor and Industry fall into three broad categories: 1) assistance to individuals; 2) assistance to the state unemployment system; and 3) funding of community service programs. The assistance to individuals comes in the form of assistance for job searches, job training, and direct payment of benefits. The assistance to the state unemployment system includes funding for administration and expansion of current operations as well as temporary financial support for a modernization program that includes expanded classes of unemployment beneficiaries and an alternative base period for the calculation of benefits to claimants.

### Assistance to Individuals

The federal Workforce Investment Act is being used as the vehicle for the distribution of over \$5.9 million for adult, youth, and dislocated worker training programs currently being operated by the agency. These programs are geared toward an individual's job skill progression, job re-training, and new job search.

The Trade Adjustment Assistance and Trade Relief Act (TAA/TRA) program is being extended in this funding package. TAA/TRA grants contain both direct aid and funding for job re-training / new job search activities for workers in industries that are negatively impacted by the North American Free Trade Agreement (NAFTA) and/or by the movement of jobs abroad.

Through the adoption of specific federally recommended unemployment system modernization initiatives, the state is eligible for temporary additional funding to support added benefit classes and expanded unemployment costs. The state has adopted an alternative base period that makes the look-back period, by which an individual's unemployment benefits are based, flexible in order to allow a larger number of claimants to qualify for benefits. In addition, the state has chosen to adopt two (benefits for part-time employees and benefits for individuals participating in approved worker training programs) of four optional expanded coverage items that will cost additional state dollars in the future. These two changes are expected to cost the state unemployment system an estimated total of \$10.0 million each year. The stimulus bill provides funding for the initial two years, but the cost to the state will continue beyond 2011 because the modernization elements remain in statute. The federal act requires that the changes to state statute do not contain a "sunset" provision. There is however no restriction on what actions subsequent legislative sessions may take.

Using the Wagner-Peysner Act funding formula, federal funds are made available to the state to aid both general employment services and for re-employment of current Unemployment Insurance (UI) benefit claimants. This program provides claimant servicing, job matching, and re-employment services.

The largest component of direct assistance to individuals comes in the form of 100 percent federally funded unemployment insurance benefits paid directly to claimants. Including the additional benefits for UI program modernization and the \$25 per week benefit increase for claimants, the total additional funding is over \$207 million. Only the administration portion is appropriated in this bill. The remaining funding is provided by federal transfer of funds into a proprietary enterprise account that does not require appropriation for the payment of benefits to claimants.

#### Assistance to the State Unemployment Insurance Program

Each funding program provides an allowance for program administration, but there are also two specific transfers dealing with providing funding for program operations. The first is a general operational expense transfer for the administration of the UI program, improved outreach, benefit and tax operations, and staff-assisted re-employment services for UI compensation claimants. The second is a funding program to aid the state program for unemployment compensation modernization. This includes the adoption of an Alternative Base Period (ABP) and expanding UI benefits to additional classes of claimants.

#### Funding for Community Service Programs

The bill provides federal funding for existing grant programs directly administered or administratively attached to the department. These programs include the Senior Community Service Employment Program (SCEP), which is contracted through the Workforce Services Division and the Americorps Program. Both of these have existing activities that will be extended with the additional funding.

#### *Statutory Changes*

There are statutory changes required for the state to receive funding from the unemployment program modernization funds. These changes are included in the language of the bill and include the adoption of the Alternative Base Period (ABP) and the inclusion of two (benefits for part-time employees and benefits for individuals participating in approved worker training programs) of four options for expansion of benefits to classes of claimants not previously covered. These changes in statute are required to be permanent in so much as they are not allowed to contain a "sunset" provision. Combined, these changes are expected to cost the state unemployment system an estimated \$10.0 million each year. The stimulus act provides funding for the initial two years, but not subsequent years if the modernization elements remain in statute.

*HB 2 and HB 645 Combined*

The figure illustrates the combined HB 2 and HB 645 appropriations. The first two columns show the appropriations in HB 2 and HB 645 side by side, and the third column shows the total funding for the agency from both bills. A detailed explanation of impacts to individual programs, including on-going funding and present law adjustments due to using one-time-only funding from HB 645 in existing programs is presented at the program level when applicable. Please note that the table does not include an estimated \$207 million in transfers directly from the federal Department of Labor to the agency for cost of unemployment insurance benefits paid directly to claimants.

2011 Biennium HB 2 and HB 645 Combined Department of Labor and Industry			
Fund	HB 2	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$5,209,483	\$0	\$5,209,483
State Special Revenues	77,286,925	0	77,286,925
Federal Special Revenues	62,856,842	15,354,097	78,210,939
Proprietary Funds	<u>195,469</u>	<u>0</u>	<u>0</u>

HB 171 – This bill eliminates the laws regulating the professional and semiprofessional combative events except for professional boxing. The resulting reduction in funding \$41,081 annually was approved by the legislature through a decision package approved in the Business Standards Division.

HB 204 – This bill revises the Workers' Compensation Act regarding independent contractor laws that include the on-going process of scanning and indexing all documents which requires additional expenditures. The estimated additional costs associated with the bill total \$12,000 annually and are included in HB 2.

HB 283 – This bill revises the Workers' Compensation Act on exemptions, claims examiners, and safety funding and requires the establishment of a program to certify, maintain documentation, and approve training for claims examiners. The estimated additional costs associated with the bill total \$8,970 annually and are included in HB 2.

HB 662 – This bill relates to the licensing and regulation of massage therapists and creates the Board of Massage Therapists. The costs of implementation of the bill are estimated to be \$32,648 in the first year and \$18,558 in subsequent years. These costs are included in HB 2.

HB 409 – This bill creates a cancer drug repository at an estimated cost of \$13,795 which is funded in HB 2 through the addition of a decision package in the Business Standards Division.

HB 578 – This bill creates the Montana Health Corps program for in-home health care. The total estimated costs of the program are \$12,661 and are included in HB 2.

SB 42 – This bill provides for substitution of the Workers' Compensation Court judge in the event of a recusal by the Workers' Compensation judge. Language provided in the bill appropriates \$20,000 over the biennium for this purpose.

SB 77 – This bill adds one member to the Board of Medical Examiners. The total annual estimated cost of the additional board member is \$3,296 and is included in HB 2.

SB 271 – This bill relates to the licensure and regulation for marriage and family therapists within the Board of Social Workers Examiners and Licensed Professional Counselors. The total estimated cost for the new license class is \$10,981 and is included in HB 2.

SB 275 – This bill adds an additional pharmacist to the Board of Pharmacy. The total annual estimated cost of the additional board member is \$2,731 and is included in HB 2.

SB 388 – This bill makes permanent and codifies the Incumbent Worker Training Program at the Department of Labor. The funding for the program is included in HB 2, including a portion of the \$400,000 additional annual funding contained in the appropriation for the 21<sup>st</sup> Century Workforce to the Workforce Services Division.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	730.08	770.08	755.08	(15.00)	770.08	755.08	(15.00)	
Personal Services	37,295,537	41,453,973	41,047,675	(406,298)	41,587,278	41,389,750	(197,528)	(603,826)
Operating Expenses	17,451,034	20,891,424	22,778,505	1,887,081	20,817,763	21,583,662	765,899	2,652,980
Equipment & Intangible Assets	437,097	481,038	444,032	(37,006)	474,038	437,032	(37,006)	(74,012)
Capital Outlay	0	163,700	163,700	0	0	0	0	0
Grants	8,087,502	8,087,502	8,087,502	0	8,087,502	8,087,502	0	0
Benefits & Claims	126,085	126,085	126,085	0	126,085	126,085	0	0
Transfers	1,011,753	633,556	633,556	0	636,083	636,083	0	0
Debt Service	3,775	3,775	3,775	0	3,775	3,775	0	0
<b>Total Costs</b>	<b>\$64,412,783</b>	<b>\$71,841,053</b>	<b>\$73,284,830</b>	<b>\$1,443,777</b>	<b>\$71,732,524</b>	<b>\$72,263,889</b>	<b>\$531,365</b>	<b>\$1,975,142</b>
General Fund	2,235,593	2,628,206	2,596,770	(31,436)	2,630,155	2,612,713	(17,442)	(48,878)
State/Other Special	33,593,817	37,914,846	39,049,022	1,134,176	38,088,086	38,237,903	149,817	1,283,993
Federal Special	28,535,931	31,210,211	31,543,848	333,637	30,926,446	31,312,994	386,548	720,185
Proprietary	47,442	87,790	95,190	7,400	87,837	100,279	12,442	19,842
<b>Total Funds</b>	<b>\$64,412,783</b>	<b>\$71,841,053</b>	<b>\$73,284,830</b>	<b>\$1,443,777</b>	<b>\$71,732,524</b>	<b>\$72,263,889</b>	<b>\$531,365</b>	<b>\$1,975,142</b>

The legislatively approved budget represents a 0.4 percent increase from the executive proposal and is primarily due to the addition of \$1.0 million state special revenue for the initial program development of WorkSafeMT. The reduction of 15.00 FTE from the executive budget is a result of an agency proposal to create the Office of Information Technology, a proprietary program that moved 13.00 FTE out of HB 2 to a non-budgeted proprietary account and the non-approval of a decision package adding 2.00 FTE in the Business Standards Division. A number of proposals moving FTE between HB 2 and proprietary programs resulted in decreased personal services and increased operating expenses in comparison to the executive budget.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	302.95	302.95	294.95	294.95	302.95	294.95	(8.00)	(2.64%)
Personal Services	13,310,138	16,234,237	15,569,070	15,699,055	29,544,375	31,268,125	1,723,750	5.83%
Operating Expenses	4,454,878	4,381,999	6,252,381	6,188,085	8,836,877	12,440,466	3,603,589	40.78%
Equipment & Intangible Assets	21,288	73,398	21,288	21,288	94,686	42,576	(52,110)	(55.03%)
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	5,919,834	9,011,239	5,919,834	5,919,834	14,931,073	11,839,668	(3,091,405)	(20.70%)
Transfers	171,924	170,036	171,924	171,924	341,960	343,848	1,888	0.55%
<b>Total Costs</b>	<b>\$23,878,062</b>	<b>\$29,870,909</b>	<b>\$27,934,497</b>	<b>\$28,000,186</b>	<b>\$53,748,971</b>	<b>\$55,934,683</b>	<b>\$2,185,712</b>	<b>4.07%</b>
General Fund	738,774	754,207	1,016,839	1,020,895	1,492,981	2,037,734	544,753	36.49%
State Special	8,251,698	8,547,512	8,318,233	8,355,751	16,799,210	16,673,984	(125,226)	(0.75%)
Federal Special	14,887,590	20,569,190	18,599,425	18,623,540	35,456,780	37,222,965	1,766,185	4.98%
<b>Total Funds</b>	<b>\$23,878,062</b>	<b>\$29,870,909</b>	<b>\$27,934,497</b>	<b>\$28,000,186</b>	<b>\$53,748,971</b>	<b>\$55,934,683</b>	<b>\$2,185,712</b>	<b>4.07%</b>

**Program Description**

The Workforce Services Division (WSD) operates through four bureaus. The Field Operations Bureau functions through a network of 25 Job Service Workforce Centers. The division is a gateway to government services in the area of employment and training services. The WSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Workforce Technology, Statewide Workforce Programs and Oversight Bureau, and Research and Analysis.

**Program Highlights**

Workforce Services Division	
HB 2 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ The legislature approved \$275,000 general fund and \$400,000 state special revenue annually to increase the Incumbent Worker program, support administration of a worker development and training fund, and consolidate several existing programs into a single "21<sup>st</sup> Century Workforce" bureau</li> <li>◆ The legislature approved budget increases by 4.1 percent in the 2011 biennium from the 2009 biennium including an increase in general operating expenses and funding for implementation of the pay plan bill</li> <li>◆ The legislature added an unspecified reduction of general fund to the program totaling \$93,266 over the biennium with language that allows the distribution of the reduction among agency programs</li> <li>◆ The legislature approved the transfer of 8.0 FTE and associated costs to the Office of Information Technology</li> </ul>	
HB 645 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ Funding of over \$5.9 million is provided to the division for adult, youth, and dislocated worker training programs</li> <li>◆ \$1.1 million in federal funds were added for job service center support</li> </ul>	



### Program Narrative

The legislatively approved budget for the program has increased by 4.1 percent in the 2011 biennium from the 2009 biennium including an increase in general operating expenses and funding of HB 13, the pay plan bill. The legislature included a general fund reduction to the program budget totaling \$93,266 over the biennium along with language that allows the distribution of the reduction among programs at the discretion of the agency.

The legislature provided additional funding to the division for various increases under the division named “21<sup>st</sup> Century Workforce” initiative.

The legislature also approved the creation of the Office of Information Technology within the Central Services Division. Two decision packages were added by the legislature in the Workforce Services Division to support the change. These packages together eliminate 8.0 FTE and associated costs from the division and produce a net decrease in expenditures and funding of \$25,549 over the biennium.

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Work Force Services Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 738,774	3.1%	\$ 1,016,839	3.6%	\$ 1,020,895	3.6%
01100 General Fund	738,774	3.1%	1,016,839	3.6%	1,020,895	3.6%
02000 Total State Special Funds	8,251,698	34.6%	8,318,233	29.8%	8,355,751	29.8%
02258 Employment Security Account	8,178,164	34.2%	8,233,824	29.5%	8,270,728	29.5%
02315 Dli Info Exchange/Rental	90	0.0%	-	-	-	-
02455 Workers' Comp Regulation	73,444	0.3%	84,409	0.3%	85,023	0.3%
03000 Total Federal Special Funds	14,887,590	62.3%	18,599,425	66.6%	18,623,540	66.5%
03124 Employment Trng Grants	6,985,503	29.3%	8,796,750	31.5%	8,843,721	31.6%
03128 L & I Federal Funding	290,785	1.2%	336,556	1.2%	338,946	1.2%
03131 Osha Stat Prgm Fed.St Sdy	70,823	0.3%	81,927	0.3%	82,550	0.3%
03194 Research/Analysis Crn	675,534	2.8%	787,655	2.8%	792,624	2.8%
03297 Labor And Industry Veteran Gra	537,850	2.3%	813,656	2.9%	816,288	2.9%
03682 Wagner Peyser	4,441,867	18.6%	6,019,249	21.5%	6,007,440	21.5%
03692 Alien Labor Certification(Alc)	17,211	0.1%	85,302	0.3%	85,592	0.3%
03693 Wrk Opportunities Tx Crdt/Wotc	85,924	0.4%	88,238	0.3%	88,669	0.3%
03694 Trade Adjustment Assist/Nafta	1,371,524	5.7%	1,584,114	5.7%	1,561,608	5.6%
03954 Ui Administrative Grants	5,018	0.0%	5,978	0.0%	6,102	0.0%
03967 Ui Reed Act	405,551	1.7%	-	-	-	-
Grand Total	\$ 23,878,062	100.0%	\$ 27,934,497	100.0%	\$ 28,000,186	100.0%

The Workforce Services Division is funded through the general fund, state special revenue, and federal special revenue. General fund increases by 35.6 percent due to the additional funds for the 21<sup>st</sup> century worker program, statewide present law adjustments and a general operating increase. The legislature approved an unspecified reduction in general fund for the agency that has been applied to the Workforce Services Division, but the legislature has provided the agency the ability to distribute the reductions among programs when implementing the 2011 biennium budget. State special revenue is funded primarily from the administrative portion of the unemployment insurance tax (employment security account). Federal special revenue is comprised mainly of workforce training grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	738,774	738,774	1,477,548	72.51%	23,878,062	23,878,062	47,756,124	85.38%
Statewide PL Adjustments	44,540	45,794	90,334	4.43%	2,991,093	3,057,777	6,048,870	10.81%
Other PL Adjustments	16,471	15,642	32,113	1.58%	685,052	663,023	1,348,075	2.41%
New Proposals	217,054	220,685	437,739	21.48%	380,290	401,324	781,614	1.40%
<b>Total Budget</b>	<b>\$1,016,839</b>	<b>\$1,020,895</b>	<b>\$2,037,734</b>		<b>\$27,934,497</b>	<b>\$28,000,186</b>	<b>\$55,934,683</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,558,186					3,623,185
Vacancy Savings					(674,755)					(677,347)
Inflation/Deflation					42,927					47,159
Fixed Costs					64,735					64,780
<b>Total Statewide Present Law Adjustments</b>		<b>\$44,540</b>	<b>(\$422,902)</b>	<b>\$3,369,455</b>	<b>\$2,991,093</b>		<b>\$45,794</b>	<b>(\$400,587)</b>	<b>\$3,412,570</b>	<b>\$3,057,777</b>
DP 101 - WSD General Operating Increase										
0.00	16,478	217,387	451,565	685,430	0.00	15,650	213,321	434,486	663,457	
DP 7101 - Fuel Inflation Reduction										
0.00	(7)	(118)	(253)	(378)	0.00	(8)	(136)	(290)	(434)	
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$16,471</b>	<b>\$217,269</b>	<b>\$451,312</b>	<b>\$685,052</b>	<b>0.00</b>	<b>\$15,642</b>	<b>\$213,185</b>	<b>\$434,196</b>	<b>\$663,023</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$61,011</b>	<b>(\$205,633)</b>	<b>\$3,820,767</b>	<b>\$3,676,145</b>	<b>0.00</b>	<b>\$61,436</b>	<b>(\$187,402)</b>	<b>\$3,846,766</b>	<b>\$3,720,800</b>

**DP 101 - WSD General Operating Increase** - The legislature approved an appropriation of \$685,430 in FY 2010 and \$663,457 in FY 2011 which includes base adjustments in overtime, per diem, and operating cost increases for the Workforce Services Division.

**DP 7101 - Fuel Inflation Reduction** - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 102 - 21st Century Workforce										
01	0.00	275,000	400,000	0	675,000	0.00	275,000	400,000	0	675,000
DP 110 - Move of FTE to new Office of Information Tech										
01	(8.00)	0	(237,248)	(422,928)	(660,176)	(8.00)	0	(237,816)	(424,243)	(662,059)
DP 115 - Net Change in Indirect Cost Allocation for OIT										
01	0.00	0	264,908	432,256	697,164	0.00	0	249,480	401,140	650,620
DP 117 - General fund budget reduction										
01	0.00	(46,633)	0	0	(46,633)	0.00	(46,633)	0	0	(46,633)
DP 6013 - 2011 Biennium Pay Plan - HB 13										
01	0.00	2,747	54,926	39,186	96,859	0.00	8,324	165,893	118,195	292,412
DP 6014 - Pay Plan Lump Sum Payment OTO										
01	0.00	1,899	74,567	47,690	124,156	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(15,959)	(284,985)	(205,136)	(506,080)	0.00	(16,006)	(286,102)	(205,908)	(508,016)
<b>Total</b>	<b>(8.00)</b>	<b>\$217,054</b>	<b>\$272,168</b>	<b>(\$108,932)</b>	<b>\$380,290</b>	<b>(8.00)</b>	<b>\$220,685</b>	<b>\$291,455</b>	<b>(\$110,816)</b>	<b>\$401,324</b>

DP 102 - 21st Century Workforce - The legislature approved an appropriation of \$400,000 state special revenue funds each year of the biennium for the consolidation of workforce technology infrastructure and moves the Jobs for Montana Graduates program, the Apprenticeship and Training program, the WIRED program, and the Statewide Workforce Investment Board (SWIB) into the 21<sup>st</sup> Century Workforce Technology, Apprenticeship and Training Bureau. An additional \$275,000 restricted annual general fund has been approved for the Community College Student Growth account.

DP 110 - Move of FTE to new Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 115 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$697,164 in FY 2010 and \$650,620 in FY 2011 for indirect costs. The net amount is a result of the addition of \$956,864 in FY 2010 and \$958,929 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$259,700 in FY 2010 and \$308,309 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.00 proprietary funded FTE and associated operating costs from CSD and 13.00 HB 2 funded FTE and associated operating costs into a single proprietary funded program, the Office of Information Technology.

DP 117 - General fund budget reduction - The legislature approved the reduction of \$46,633 in FY 2010 and \$46,633 in FY 2011 general fund monies in order to achieve structural balance in the general fund.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Other Legislation**

HB 645 – This bill appropriates funds made available through the American Recovery and Reinvestment Act (ARRA) of 2009. The federal funds allocated to the program are for specifically designated purposes in the federal act and, therefore, have been denoted as “siloe” funds. The appropriations made in HB 645 to the Department of Labor and Industry are entirely siloe funds. The Workforce Services Division’s primary funding source is federal special revenue resulting from worker training and development grants. The additional funding in HB 645 is provided through existing federal programs, primarily the federal Workforce Investment Act (WIA). The legislature authorized additional federal spending authority of over \$5.9 million for adult, youth, and dislocated worker programs from increased WIA funding made available through the ARRA.

**Language and Statutory Authority**

The legislature added the following language to HB 2:

“Workforce Services Division includes unspecified reductions in general fund money of \$183,161 in FY 2010 and \$183,161 in FY 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.”

**Proprietary Rates****Proprietary Program Description**

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of 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 the Student Assistance Foundation (through a grant) for a wide variety of users including job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. If the grant with the Student Assistance Foundation ends, MCIS will need to resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the Student Assistance Foundation such as IDEAS (an interest inventory) that requires MCIS to collect associated fees.

**Funding**

The proprietary account used for this program is an enterprise services type account.

**Proprietary Revenues and Expenses**

Revenue comes to MCIS by billing users for optional components and services. Major classes of expenses for the MCIS program are personal services and computer programming charges.

**Present Law**

The present law adjustments table shows the primary changes to the adjusted base budget proposed by the Governor. Statewide present law adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - WSD General Operating Increase - The budget includes base adjustments in overtime, per diem, and operating cost increases for the Workforce Services Division. This includes off-campus rent, leased vehicles, and indirect costs. This request is for \$43,171 in FY 2010 and \$43,269 in FY 2011, funded by proprietary funds.

**Proprietary Rate Explanation**

The fees charged by MCIS are not to exceed \$1,500 per site. Fees will be charged by optional component per site as follows:

- IDEAS Assessment - \$100 per site
- Civil Service Practice Tests - \$200 per site
- Dependable Strengths - \$200 per site
- Academic Practice Tests Package - \$225-450 depending on enrollment

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	155.00	155.00	153.00	153.00	155.00	153.00	(2.00)	(1.29%)
Personal Services	7,444,367	8,058,328	7,816,954	7,877,361	15,502,695	15,694,315	191,620	1.24%
Operating Expenses	3,360,896	4,598,157	4,383,215	4,349,603	7,959,053	8,732,818	773,765	9.72%
Equipment & Intangible Assets	0	6,400	0	0	6,400	0	(6,400)	(100.00%)
Capital Outlay	0	0	163,700	0	0	163,700	163,700	n/a
Transfers	564,555	188,345	186,358	188,885	752,900	375,243	(377,657)	(50.16%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
<b>Total Costs</b>	<b>\$11,373,593</b>	<b>\$12,855,005</b>	<b>\$12,554,002</b>	<b>\$12,419,624</b>	<b>\$24,228,598</b>	<b>\$24,973,626</b>	<b>\$745,028</b>	<b>3.07%</b>
State Special	1,623,269	3,041,210	3,608,758	3,736,669	4,664,479	7,345,427	2,680,948	57.48%
Federal Special	9,750,324	9,813,795	8,945,244	8,682,955	19,564,119	17,628,199	(1,935,920)	(9.90%)
<b>Total Funds</b>	<b>\$11,373,593</b>	<b>\$12,855,005</b>	<b>\$12,554,002</b>	<b>\$12,419,624</b>	<b>\$24,228,598</b>	<b>\$24,973,626</b>	<b>\$745,028</b>	<b>3.07%</b>

**Program Description**

The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to unemployed workers. The bureaus are: Contributions, Claims Processing, and Program Support. The Contributions Bureau is responsible for UI employer registration, contribution rate assignments, tax and wage report collection, wage revisions, and employer audits. The Claims Processing Bureau has two claims processing centers (Billings and Helena) that file and process claims (monetary eligibility, issue investigation, adjudication, and employer charging) and respond to all UI claim related inquiries. The Claims Processing Bureau is also responsible for Trade Readjustment Assistance, military, federal, and multi-state claims. The Program Support Bureau manages the information technology systems and infrastructure, the division budget and accounting, and the UI trust fund. They also provide management analysis and research for economic, program management, reporting, and legislative purposes in addition to operating tax and benefit quality control, benefit payment control, and integrity programs.

**Program Highlights**

Unemployment Insurance Division HB 2 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ The legislature approved a funding switch increasing state special revenue and decreasing federal special revenue to adjust for dwindling federal funds for program administrative support</li> <li>◆ The legislature added \$20 million in proprietary fund revenue funding in the 2011 biennium from the 2009 biennium for unemployment insurance benefit payments</li> <li>◆ Funding for the division increases by 3.1 percent in the 2011 biennium from the 2009 biennium including increases for: <ul style="list-style-type: none"> <li>• General operating expenses</li> <li>• Parking lot and building improvements</li> <li>• Implementation of the pay plan bill</li> </ul> </li> </ul>	
HB 645 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ Statutory changes include: <ul style="list-style-type: none"> <li>• Adoption of Alternative Base Period (ABP)</li> <li>• Benefits for part-time employees</li> </ul> </li> </ul>	

- Benefits for individuals participating in approved worker training programs
- ◆ Funding of \$1.4 million was added for improved outreach, benefit and tax operations, and staff-assisted re-employment services for UI compensation claimants
- ◆ Funding of \$0.5 million was added for the administration of UI program “modernization” that includes the statutory changes above
- ◆ Administrative costs of a number of increased and expanded direct benefit payments to claimants are included in the bill
- ◆ \$207 million in additional funding in addition to the appropriations in HB 645 is provided by the ARRA directly to the division.

### Program Narrative

The legislatively approved budget for the program increases by 3.1 percent in the 2011 biennium from the 2009 biennium with the addition of funding for increased operating costs, one-time-only parking lot and building repairs, and the funding of HB 13, the pay plan bill.

The legislature also approved the creation of the Office of Information Technology within the Central Services Division. Two decision packages were added by the legislature in the Unemployment Insurance Division to support the change. These packages together eliminate 2.0 FTE and associated costs from the division and produce a net increase in expenditures and funding of \$308,520 over the biennium.

A funding switch was approved by the legislature that substitutes state special revenue for federal special revenue to support administrative functions for the division due to shrinking federal funding availability.

Federal funding was provided to the program from the American Recovery and Reinvestment Act (ARRA). Please see the other legislation section of this and the agency summary sections for a complete discussion.

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Unemployment Insurance Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
02000 Total State Special Funds	\$ 1,623,269	14.3%	\$ 3,608,758	28.7%	\$ 3,736,669	30.1%
02258 Employment Security Account	1,603,271	14.1%	3,568,758	28.4%	3,696,669	29.8%
02315 Dli Info Exchange/Rental	19,998	0.2%	40,000	0.3%	40,000	0.3%
03000 Total Federal Special Funds	9,750,324	85.7%	8,945,244	71.3%	8,682,955	69.9%
03194 Research/Analysis Crn	-	-	124,282	1.0%	107,108	0.9%
03278 Ui Penalty & Interest	568,825	5.0%	539,998	4.3%	539,998	4.3%
03954 Ui Administrative Grants	8,616,944	75.8%	8,094,607	64.5%	7,846,965	63.2%
03967 Ui Reed Act	564,555	5.0%	186,357	1.5%	188,884	1.5%
Grand Total	\$ 11,373,593	100.0%	\$ 12,554,002	100.0%	\$ 12,419,624	100.0%

The Unemployment Insurance Division is funded through state special revenue derived from employment taxes, federal special revenue in the form of administrative grants, and proprietary service funds. Because the proprietary funds do not require an appropriation, they are not typically included in HB 2 tables.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	11,373,593	11,373,593	22,747,186	91.08%
Statewide PL Adjustments	0	0	0	0.00%	759,165	784,913	1,544,078	6.18%
Other PL Adjustments	0	0	0	0.00%	230,039	219,375	449,414	1.80%
New Proposals	0	0	0	0.00%	191,205	41,743	232,948	0.93%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$12,554,002</b>	<b>\$12,419,624</b>	<b>\$24,973,626</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					946,575					970,918
Vacancy Savings					(335,634)					(336,600)
Inflation/Deflation					14,009					14,540
Fixed Costs					134,215					136,055
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$322,849</b>	<b>\$436,316</b>	<b>\$759,165</b>		<b>\$0</b>	<b>\$322,849</b>	<b>\$462,064</b>	<b>\$784,913</b>
DP 201 - UI General Operating Increase	0.00	0	57,520	172,563	230,083	0.00	0	54,856	164,569	219,425
DP 7101 - Fuel Inflation Reduction	0.00	0	(7)	(37)	(44)	0.00	0	(8)	(42)	(50)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$57,513</b>	<b>\$172,526</b>	<b>\$230,039</b>	<b>0.00</b>	<b>\$0</b>	<b>\$54,848</b>	<b>\$164,527</b>	<b>\$219,375</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$380,362</b>	<b>\$608,842</b>	<b>\$989,204</b>	<b>0.00</b>	<b>\$0</b>	<b>\$377,697</b>	<b>\$626,591</b>	<b>\$1,004,288</b>

DP 201 - UI General Operating Increase - The legislature approved \$230,083 in FY 2010 and \$219,425 in FY 2011 state and federal special revenue funding for base adjustments in overtime, per diem, and operating costs.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

## New Proposals

New Proposals										
Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 203 - UI Funding Switch										
02	0.00	0	1,400,000	(1,400,000)	0	0.00	0	1,700,000	(1,700,000)	0
DP 204 - UI Parking & Building Repair Bien - OTO										
02	0.00	0	163,700	0	163,700	0.00	0	0	0	0
DP 210 - Move of FTE to Office of Information tech										
02	(2.00)	0	(40,808)	(122,422)	(163,230)	(2.00)	0	(40,834)	(122,502)	(163,336)
DP 215 - Net Change in Indirect Cost Allocation for OIT										
02	0.00	0	82,235	246,704	328,939	0.00	0	76,537	229,610	306,147
DP 6013 - 2011 Biennium Pay Plan - HB 13										
02	0.00	0	0	50,204	50,204	0.00	0	0	151,382	151,382
DP 6014 - Pay Plan Lump Sum Payment OTO										
02	0.00	0	0	63,318	63,318	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	0	0	(251,726)	(251,726)	0.00	0	0	(252,450)	(252,450)
<b>Total</b>	<b>(2.00)</b>	<b>\$0</b>	<b>\$1,605,127</b>	<b>(\$1,413,922)</b>	<b>\$191,205</b>	<b>(2.00)</b>	<b>\$0</b>	<b>\$1,735,703</b>	<b>(\$1,693,960)</b>	<b>\$41,743</b>

DP 203 - UI Funding Switch - The legislature has approved appropriation of \$1.4 million in FY 2010 and \$1.7 million in FY 2011 state special revenue funding in place of federal special revenue funding to annualize the funding switch completed in the 2009 biennium.

DP 204 - UI Parking & Building Repair Bien - OTO - The legislature approved a biennial, one-time-only appropriation of \$163,700 state special funds to use proceeds from the sale of a parking lot and additional funds to develop an unpaved lot and to resurface the lot directly in front of the building. In addition, this will allow the department to replace the carpet within the building.

DP 210 - Move of FTE to Office of Information tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions into the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 215 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$328,939 in FY 2010 and \$306,147 in FY 2011 for indirect costs. The net amount is a result of the addition of \$464,762 in FY 2010 and \$465,766 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to the Central Services Division of \$135,823 in FY 2010 and \$159,619 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.00 proprietary funded FTE and associated operating costs from CSD and 13.00 HB 2 funded FTE and associated operating costs into a single proprietary funded program, the Office of Information Technology.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.



**Other Legislation**

**HB 645** – This bill appropriates funds made available through the American Recovery and Reinvestment Act (ARRA) of 2009. The federal funds allocated to the program are for specifically designated purposes in the federal act and, therefore, have been denoted as “siloed” funds. The appropriations made in HB 645 to the Department of Labor and Industry are entirely siloed funds. Additional funding for the extension and expansion of unemployment insurance payments are not appropriated in this bill because the funds are transferred into a proprietary enterprise account that does not require appropriation for the payment of benefits to claimants. The administrative portion of these additional funds are included in the HB 645 tables and discussion in the summary section. The following is a listing of the funding being transferred to the Unemployment Insurance Division through the federal ARRA for the proprietary benefit payment program:

- Extended Emergency Unemployment Compensation - \$123.85 million
- Trade Adjustment Assistance and Trade Relief Act (TAA/TRA) program - \$15.9 million
- \$25 Weekly UI Compensation Increase – \$22.14 million
- Unemployment Insurance Modernization - \$20.3 million
- Full Federal Funding of Extended Unemployment - \$24.95 million

There are statutory changes required for the state to receive funding from the unemployment program modernization funds. These changes are included in the language of the bill and they include the adoption of the Alternative Base Period (ABP) and the inclusion of two (benefits for part-time employees and benefits for individuals participating in approved worker training programs) of four options for expansion of benefits to classes of claimants not previously covered. These changes in statute are required to be permanent in so much as they are not allowed to contain a “sunset” provision. Combined, these changes are expected to cost the state unemployment system an estimated \$10.0 million each year. The stimulus act provides funding for the initial two years, but not subsequent years if the modernization elements remain in statute.

**Proprietary Rates****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 unemployment insurance. DLI expends the funds by paying unemployment insurance benefit claims.

**Funding**

This portion of the program is funded entirely with a single enterprise type proprietary fund.

The following decision packages were incorporated in the approved rates.

**Present Law Adjustments**

**DP 202 – Unemployment Increased Benefits** Funding of \$20,000,000 each year of the biennium was added for increased Unemployment Insurance benefits.

**Proprietary Rate Explanation**

The Unemployment Insurance Division administers the state unemployment insurance law. The rate is set in statute and is collected from employers and used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,044,380	3,075,221	1,239,273	1,251,731	4,119,601	2,491,004	(1,628,597)	(39.53%)
Operating Expenses	336,425	1,425,611	457,618	453,577	1,762,036	911,195	(850,841)	(48.29%)
Equipment & Intangible Assets	0	7,205	0	0	7,205	0	(7,205)	(100.00%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$1,380,805</b>	<b>\$4,508,037</b>	<b>\$1,696,891</b>	<b>\$1,705,308</b>	<b>\$5,888,842</b>	<b>\$3,402,199</b>	<b>(\$2,486,643)</b>	<b>(42.23%)</b>
General Fund	259,167	102,488	260,222	262,284	361,655	522,506	160,851	44.48%
State Special	595,756	502,431	770,970	774,015	1,098,187	1,544,985	446,798	40.69%
Federal Special	478,440	145,395	574,994	577,895	623,835	1,152,889	529,054	84.81%
Other	47,442	3,757,723	90,705	91,114	3,805,165	181,819	(3,623,346)	(95.22%)
<b>Total Funds</b>	<b>\$1,380,805</b>	<b>\$4,508,037</b>	<b>\$1,696,891</b>	<b>\$1,705,308</b>	<b>\$5,888,842</b>	<b>\$3,402,199</b>	<b>(\$2,486,643)</b>	<b>(42.23%)</b>

**Program Description**

The Commissioner's Office and the Centralized Services Division provide program direction, legal, administration, and support services to the department's five programs and two administratively attached entities.

**Program Highlights**

Commissioner's Office – Central Services Division	
HB 2 Budget Highlights	
♦	The legislature approved funding for increased general operating expenses
♦	Addition of decision packages implementing the creation of the Office of Information Technology result in a net increase in indirect costs of \$89,866 over the biennium
♦	Funding for the implementation of HB 13 (the pay plan bill) was added by the legislature

**Program Narrative**

In an effort to simplify operations and increase accuracy of appropriation, the agency undertook a funding switch during the 2009 biennium whereby a number of FTE and their associated costs were moved from proprietary programs to HB 2 funded programs. This change was implemented in the Business Standards Division (BSD), but the remaining proprietary fund operations and their accounts were moved to the Central Services Division (CSD) for the upcoming biennium. The FY 2008 expenditures and funding for both divisions already reflect the change, but the appropriation in the program budget comparison table for FY 2009 does not contain the adjustments because the change was not recorded in the proprietary program before moving the fund to CSD. Therefore, the expenses and funding shown in FY 2009 on the table are overstated. The result is that the biennial comparison shown is incorrect and the actual increase in the legislatively approved budget is as much as 26.5 percent in the 2011 biennium over the 2009 biennium. The permanent change has been approved by the legislature in the Business Standards Division and the budgets for both divisions for the upcoming biennium are correct as the legislature approved them. The proprietary fund is now associated with the Commissioner's Office/CSD because it is used for legal and hearing fees overseen by the division.

The legislature provided funding to the division for increased general operating expenditures and for implementation of HB 13 (the pay plan bill). Two decision packages were adopted by the legislature for the implementation of the creation of the Office of Information Technology (OIT). The net result of these is an increase of \$89,886 in operational expenditures for the division over the biennium. The legislature also approved an increase in vacancy savings for the division from 3 to 7 percent resulting in a net budget reduction of \$79,563 over the biennium.

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Commissioner'S Office/Csd						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 259,167	18.8%	\$ 260,222	15.3%	\$ 262,284	15.4%
01100 General Fund	259,167	18.8%	260,222	15.3%	262,284	15.4%
02000 Total State Special Funds	595,756	43.1%	770,970	45.4%	774,015	45.4%
02258 Employment Security Account	276,682	20.0%	322,478	19.0%	323,475	19.0%
02315 Dli Info Exchange/Rental	643	0.0%	476	0.0%	458	0.0%
02448 Building Codes State Spec Rev	29,739	2.2%	-	-	-	-
02455 Workers' Comp Regulation	194,700	14.1%	309,002	18.2%	309,851	18.2%
02941 Uninsured Employer Fund	93,992	6.8%	139,014	8.2%	140,231	8.2%
03000 Total Federal Special Funds	478,440	34.6%	574,994	33.9%	577,895	33.9%
03122 Eeoc	40,786	3.0%	43,132	2.5%	43,205	2.5%
03954 Ui Administrative Grants	437,654	31.7%	531,862	31.3%	534,690	31.4%
06000 Total Proprietary Funds	47,442	3.4%	90,705	5.3%	91,114	5.3%
06546 Commissioner'S Office/Csd	47,442	3.4%	90,705	5.3%	91,114	5.3%
Grand Total	\$ 1,380,805	100.0%	\$ 1,696,891	100.0%	\$ 1,705,308	100.0%

The division is funded through the general fund, state special revenue, and federal special revenue. General fund is the smallest component of total funding and funds a portion of the personal services and operating expenses of the Hearings and Legal bureaus. State special revenue is the majority funding source and includes revenues derived from the administrative portion of the unemployment insurance tax deposited to the unemployment security account and the worker's compensation regulation fund. Federal special revenue is primarily from administrative grants for unemployment insurance.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	259,167	259,167	518,334	99.20%	1,380,805	1,380,805	2,761,610	81.17%
Statewide PL Adjustments	(2,970)	(1,998)	(4,968)	(0.95%)	251,440	257,083	508,523	14.95%
Other PL Adjustments	9,898	9,430	19,328	3.70%	49,540	47,506	97,046	2.85%
New Proposals	(5,873)	(4,315)	(10,188)	(1.95%)	15,106	19,914	35,020	1.03%
<b>Total Budget</b>	<b>\$260,222</b>	<b>\$262,284</b>	<b>\$522,506</b>		<b>\$1,696,891</b>	<b>\$1,705,308</b>	<b>\$3,402,199</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----					-----Fiscal 2011-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				279,481						283,708
Vacancy Savings				(52,956)						(53,123)
Inflation/Deflation				1,527						2,152
Fixed Costs				23,388						24,346
<b>Total Statewide Present Law Adjustments</b>										
	<b>(\$2,970)</b>	<b>\$138,799</b>	<b>\$76,257</b>	<b>\$251,440*</b>		<b>(\$1,998)</b>	<b>\$141,170</b>	<b>\$78,387</b>	<b>\$257,083*</b>	
DP 301 - CSD General Operating Increase										
0.00	9,899	22,560	13,709	49,546*	0.00	9,431	21,772	13,051	47,512*	
DP 7101 - Fuel Inflation Reduction										
0.00	(1)	(2)	(3)	(6)	0.00	(1)	(2)	(3)	(6)	
<b>Total Other Present Law Adjustments</b>										
<b>0.00</b>	<b>\$9,898</b>	<b>\$22,558</b>	<b>\$13,706</b>	<b>\$49,540*</b>	<b>0.00</b>	<b>\$9,430</b>	<b>\$21,770</b>	<b>\$13,048</b>	<b>\$47,506*</b>	
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$6,928</b>	<b>\$161,357</b>	<b>\$89,963</b>	<b>\$300,980*</b>	<b>0.00</b>	<b>\$7,432</b>	<b>\$162,940</b>	<b>\$91,435</b>	<b>\$304,589*</b>	

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

DP 301 - CSD General Operating Increase - The legislature has approved appropriation of \$49,546 in FY 2010 and \$47,512 in FY 2011 for increased operating expenses to support the Centralized Services Division.

DP 7101 - Fuel Inflation Reduction - The legislature has approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

## New Proposals

New Proposals										
-----Fiscal 2010-----					-----Fiscal 2011-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 310 - Move of FTE to Office of Information Tech										
03	0.00	0	(78)	(79)	(157)	0.00	0	(78)	(79)	(157)
DP 315 - Net Change in Indirect Cost Allocation for OIT										
03	0.00	0	27,809	16,506	46,895*	0.00	0	25,687	15,229	43,305*
DP 6013 - 2011 Biennium Pay Plan - HB 13										
03	0.00	1,089	2,226	1,905	5,500*	0.00	3,258	6,728	5,734	16,608*
DP 6014 - Pay Plan Lump Sum Payment OTO										
03	0.00	584	875	1,075	2,589*	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	(7,546)	(16,975)	(12,816)	(39,721)*	0.00	(7,573)	(17,018)	(12,864)	(39,842)*
<b>Total</b>	<b>0.00</b>	<b>(\$5,873)</b>	<b>\$13,857</b>	<b>\$6,591</b>	<b>\$15,106*</b>	<b>0.00</b>	<b>(\$4,315)</b>	<b>\$15,319</b>	<b>\$8,020</b>	<b>\$19,914*</b>

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

DP 310 - Move of FTE to Office of Information Tech - The legislature has approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 315 - Net Change in Indirect Cost Allocation for OIT - The legislature has approved a net increase of \$46,895 in FY 2010 and \$43,304 in FY 2011 for indirect costs. The net amount is a result of the addition of \$68,374 in FY 2010 and \$68,495 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$21,452 in FY 2010 and \$25,190 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Proprietary Rates**

#### **Proprietary Program Description**

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

The Office of Information Technology provides general computer, network and software support throughout the agency. An hourly rate is assessed for these functions. The creation of the OIT pulls 8.0 FTE out of the CSD cost allocation plan funded operations and 13.0 FTE from HB 2 funded programs throughout the agency. There are a number of decision packages that were added by the legislature addressing the reduction in HB 2 funded FTE and the net change in indirect costs resulting from the creation of the OIT.

The Hearings Bureau holds administrative hearings on behalf of the Business Standards Licensing and Building Code bureaus. An hourly rate is assessed for Administrative Law Judge and paralegal time associated with the hearings.

The Office of Legal Services provides legal services to the Business Standards Division whereby an hourly rate for attorney fees is established.

#### **Funding**

The Commissioner's Office and Central Services Division proprietary programs are funded by internal service type proprietary funds. The fees and charges approved in this bill are the maximum fees and charges that may be charged in the biennium. Cost Allocation Plan (CAP) rates are derived from the administrative support functions provided by the Commissioner's Office and the Centralized Services Division for global type activities common to all of the programs within the agency. Specialized support functions generate revenues in the form of direct or hourly charges to the programs that use the services.

The budgetary impact of the following decision packages are included in the stated rates and were adopted by the legislature as a component of the approved rate.

DP 0311 -HB 576 Funding Increase for FTE Moved to OIT -This decision package captures the increase in funding and expenditures due to the movement of 13.0 FTE and associated operating expenses to the proprietary funded Office of Information Technology from HB 2 funded programs.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration

#### **Proprietary Rate Explanation**

There are no significant changes to the methodology for calculating the rate for Centralized Services or the Hearings Bureau. However, the legal services rate was included in the Business Standards Division rate calculation in past biennia.

It now is included on the Commissioners Office rate calculation and rate table.

The cost allocation rate must be approved by the U.S. Department of Labor which requirements include a working capital of no more than 60 days. The rate is determined by calculating the total costs of providing the services divided by the projected agency personal services expenditures. The approved rate for 2010 is 9.73% and for 2011 is 9.25%

The Hearings Bureau rate per hour is calculated based in the projected cost of services for the 2011 biennium divided by the direct hours of service provided in the 2009 biennium. Rates are established for both Administrative Law judges and paralegal services are \$90 and \$50, respectively.

The Office of Legal Services rate per hour is calculated on projected costs of services for the 2011 biennium divided by the direct hours of service provided in the 2009 biennium. The rate for the 2011 biennium is \$95 per hour.

The Office of Information Technology rate per hour for the 2011 biennium based on estimated costs and hours expended for services provided in performing these functions in the prior biennium. The rate for the 2011 biennium is \$121 per hour.

Please refer to section R for a complete listing of the rates.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	128.10	128.10	129.10	129.10	128.10	129.10	1.00	0.78%
Personal Services	6,836,094	7,383,753	7,490,762	7,567,066	14,219,847	15,057,828	837,981	5.89%
Operating Expenses	3,717,829	3,630,805	5,254,232	4,218,492	7,348,634	9,472,724	2,124,090	28.90%
Equipment & Intangible Assets	64,878	79,590	64,878	64,878	144,468	129,756	(14,712)	(10.18%)
Benefits & Claims	126,085	156,586	126,085	126,085	282,671	252,170	(30,501)	(10.79%)
<b>Total Costs</b>	<b>\$10,744,886</b>	<b>\$11,250,734</b>	<b>\$12,935,957</b>	<b>\$11,976,521</b>	<b>\$21,995,620</b>	<b>\$24,912,478</b>	<b>\$2,916,858</b>	<b>13.26%</b>
General Fund	1,112,653	1,152,992	1,196,215	1,205,601	2,265,645	2,401,816	136,171	6.01%
State Special	8,970,029	9,307,453	11,076,746	10,099,448	18,277,482	21,176,194	2,898,712	15.86%
Federal Special	662,204	790,289	658,511	662,307	1,452,493	1,320,818	(131,675)	(9.07%)
Other	0	0	4,485	9,165	0	13,650	13,650	n/a
<b>Total Funds</b>	<b>\$10,744,886</b>	<b>\$11,250,734</b>	<b>\$12,935,957</b>	<b>\$11,976,521</b>	<b>\$21,995,620</b>	<b>\$24,912,478</b>	<b>\$2,916,858</b>	<b>13.26%</b>

**Program Description**

The Employment Relations Division (ERD) provides five service areas to the public: 1) Workers' Compensation (WC) Regulation Bureau, which regulates WC insurance coverage requirements, policy compliance, medical regulations, contractor registration, and independent contractor exemptions; 2) WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes, and provides management information on the workers' compensation system; 3) Labor Standards Bureau (and administratively attached Board of Personnel Appeals), which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation; 4) Workplace Safety and Health Bureau, which administers federal and state industrial safety laws; and 5) Human Rights Bureau (and administratively attached Human Rights Commission), which enforces the Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education. ERD also has one bureau, Management Services Bureau, which provides administrative and IT support to the other five bureaus.

**Program Highlights**

Employment Relations Division HB 2 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increases by 13.26 percent in the 2011 biennium from the 2009 biennium including funding for operating expense increases and funding related to the passage of HB 204 and HB 283 revising the Workers' Compensation Act, and the implementation of the pay plan bill</li> <li>◆ The legislature approved the transfer of 2.0 FTE to the office of Information Technology and an increase in indirect cost funding for the OIT resulting in a net reduction of funding of \$102,552 over the biennium</li> <li>◆ Funding was added by the legislature for the "WorkSafeMT" program that includes: <ul style="list-style-type: none"> <li>• 3.0 FTE and associated operating costs for the on-going operation of the program</li> <li>• \$1.0 million in one-time-only funding for the program's initial start-up costs</li> </ul> </li> </ul>	

### Program Narrative

The legislatively approved budget for the Employment Relations Division increases by 13.3 percent in the 2011 biennium from the 2009 biennium. The legislature approved funding for a 7.9 percent increase in general operational expenditures. An additional \$41,940 was provided for increased expenses related to passage of HB 204 and HB 283, which revise workers' compensation law regarding independent contractors and exemptions, claims examiners, and safety funding.

The legislature approved the creation of the Office of Information Technology (OIT) within the Central Services Division (CSD). Two decision packages in the program were adopted and funded by the legislature as a part of the creation of the OIT. The first of these eliminated 2.0 FTE and their associated operating costs from the Employment Relations Division and the second created a net change in indirect costs, decreasing expenditures to CSD and providing funding for expenses related to the OIT. These two decision packages together resulted in a net decrease in funding of \$102,552 over the biennium.

A new initiative was funded by the legislature entitled "WorkSafeMT". This initiative intends to work in conjunction with employers to reduce the incidence of workplace injury, illness, and disease by reviewing, creating, and implementing workplace safety programs and awareness campaigns. The legislature provided the division with two separate appropriations for this initiative. The first of these adds 3.0 FTE and associated operating costs for the on-going operation of the program. The second provides one-time-only funding of 1.0 million for start-up expenses of the project's initial implementation.

The legislature provided funding for the implementation of HB 13 (the pay plan bill) and approved an increase in vacancy saving for the program from 4 to 7 percent.

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Employment Relations Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 1,112,653	10.4%	\$ 1,196,215	9.2%	\$ 1,205,601	10.1%
01100 General Fund	1,112,653	10.4%	1,196,215	9.2%	1,205,601	10.1%
02000 Total State Special Funds	8,970,029	83.5%	11,076,746	85.6%	10,099,448	84.3%
02258 Employment Security Account	1,316,619	12.3%	1,491,363	11.5%	1,502,068	12.5%
02263 Subsequent Injury Admin	105,995	1.0%	108,984	0.8%	109,692	0.9%
02346 Contractor Registration	1,445,124	13.4%	1,484,095	11.5%	1,490,903	12.4%
02455 Workers' Comp Regulation	5,547,040	51.6%	7,401,109	57.2%	6,402,386	53.5%
02941 Uninsured Employer Fund	555,251	5.2%	591,195	4.6%	594,399	5.0%
03000 Total Federal Special Funds	662,204	6.2%	658,511	5.1%	662,307	5.5%
03122 Eeoc	101,359	0.9%	106,705	0.8%	106,922	0.9%
03130 Coal Mine Safety	129,211	1.2%	135,427	1.0%	136,571	1.1%
03195 On-Site Consultation	431,634	4.0%	416,379	3.2%	418,814	3.5%
06000 Total Proprietary Funds	-	-	4,485	0.0%	9,165	0.1%
06040 Subsequent Injury-Trust Fund	-	-	4,485	0.0%	9,165	0.1%
Grand Total	\$ 10,744,886	100.0%	\$ 12,935,957	100.0%	\$ 11,976,521	100.0%

The division is primarily funded with state special revenue funds, which accounts for nearly 85 percent of the total funding. It is derived mainly from workers compensation regulation funds. Workers compensation regulation and workplace safety issues represent the largest share of the division's activities. General fund, comprising about 10 percent of total funding, supports personal services and general operating expenses. Federal special revenue is derived from grants related to equal employment opportunity programs and workplace safety.



**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,112,653	1,112,653	2,225,306	92.65%	10,744,886	10,744,886	21,489,772	86.26%
Statewide PL Adjustments	69,413	72,051	141,464	5.89%	842,274	872,104	1,714,378	6.88%
Other PL Adjustments	38,341	36,826	75,167	3.13%	296,185	284,634	580,819	2.33%
New Proposals	(24,192)	(15,929)	(40,121)	(1.67%)	1,052,612	74,897	1,127,509	4.53%
<b>Total Budget</b>	<b>\$1,196,215</b>	<b>\$1,205,601</b>	<b>\$2,401,816</b>		<b>\$12,935,957</b>	<b>\$11,976,521</b>	<b>\$24,912,478</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,095,748					1,119,467
Vacancy Savings					(317,273)					(318,216)
Inflation/Deflation					42,708					48,848
Fixed Costs					21,091					22,005
<b>Total Statewide Present Law Adjustments</b>		<b>\$69,413</b>	<b>\$781,926</b>	<b>(\$9,065)</b>	<b>\$842,274</b>		<b>\$72,051</b>	<b>\$806,850</b>	<b>(\$6,797)</b>	<b>\$872,104</b>
DP 401 - ERD General Operating Increase	0.00	38,348	243,315	14,603	296,266	0.00	36,834	233,930	13,962	284,726
DP 7101 - Fuel Inflation Reduction	0.00	(7)	(65)	(9)	(81)	0.00	(8)	(74)	(10)	(92)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$38,341</b>	<b>\$243,250</b>	<b>\$14,594</b>	<b>\$296,185</b>	<b>0.00</b>	<b>\$36,826</b>	<b>\$233,856</b>	<b>\$13,952</b>	<b>\$284,634</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$107,754</b>	<b>\$1,025,176</b>	<b>\$5,529</b>	<b>\$1,138,459</b>	<b>0.00</b>	<b>\$108,877</b>	<b>\$1,040,706</b>	<b>\$7,155</b>	<b>\$1,156,738</b>

**DP 401 - ERD General Operating Increase** - The legislature approved an appropriation of \$296,266 in FY 2010 and \$284,726 in FY 2011 funded by general fund, federal, and state special revenue to support board per diem, indirect costs, leased vehicles, server hosting, and off-campus rent.

**DP 7101 - Fuel Inflation Reduction** - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - WorkSafeMT - Safety Initiative										
04	3.00	0	236,248	0	236,248	3.00	0	227,375	0	227,375
DP 410 - Move of FTE to Office of Information Tech										
04	(2.00)	0	(239,327)	(8,681)	(248,008)	(2.00)	0	(239,452)	(8,685)	(248,137)
DP 415 - Net Change in Indirect Cost Allocation for the OIT										
04	0.00	0	200,649	7,277	207,926	0.00	0	179,168	6,499	185,667
DP 417 - WorkSafeMT Initial Program Development										
04	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
DP 418 - HB 204 operating increase										
04	0.00	0	12,000	0	12,000	0.00	0	12,000	0	12,000
DP 419 - HB 283 Operating increase										
04	0.00	0	8,970	0	8,970	0.00	0	8,970	0	8,970
DP 6013 - 2011 Biennium Pay Plan - HB 13										
04	0.00	5,335	31,914	1,971	42,175*	0.00	16,177	96,324	6,024	127,690*
DP 6014 - Pay Plan Lump Sum Payment OTO										
04	0.00	2,500	26,155	1,073	31,258*	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
04	0.00	(32,027)	(195,068)	(10,862)	(237,957)	0.00	(32,106)	(195,672)	(10,890)	(238,668)
<b>Total</b>	<b>1.00</b>	<b>(\$24,192)</b>	<b>\$1,081,541</b>	<b>(\$9,222)</b>	<b>\$1,052,612*</b>	<b>1.00</b>	<b>(\$15,929)</b>	<b>\$88,713</b>	<b>(\$7,052)</b>	<b>\$74,897*</b>

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

DP 402 - WorkSafeMT - Safety Initiative - The legislature approved \$236,248 in FY 2010 and \$227,375 in FY 2011 state special revenue funding for an additional 3.00 FTE for WorkSafeMT, a statewide safety initiative, its mission is to reduce the incidence of workplace injury, illness, and disease.

DP 410 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 415 - Net Change in Indirect Cost Allocation for the OIT - The legislature approved a net increase of \$207,926 in FY 2010 and \$185,667 in FY 2011 for indirect costs. The net amount is a result of the addition of \$341,737 in FY 2010 and \$342,475 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$133,810 in FY 2010 and \$156,808 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 417 - WorkSafeMT Initial Program Development - The legislature approved a one-time-only, biennial appropriation of \$1,000,000 state special revenue for initial development of a state-wide work place safety education effort to reduce Montana work place injuries. Funding is from the state special revenue account established in 39-71-201, MCA; the workers compensation regulation fund.

DP 418 - HB 204 Operating Increase - The legislature has approved an increase in operating expenses for and contingent on, the passage of HB 204, revising workers compensation laws regarding independent contractors.

DP 419 - HB 283 Operating Increase - The legislature approved an appropriation for increased costs due to the passage and approval of HB 283, revising the workers compensation act on exemptions, claims examiners, and safety funding.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**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. 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.

**Proprietary Program Funding**

The Subsequent Injury Fund is funded entirely with an enterprise type proprietary fund. Because the proprietary funds do not require an appropriation, they are not typically included in HB 2 tables. In the case of an enterprise type proprietary fund, there are no state moneys being used and therefore the inclusion of this information is presented solely to provide a more complete representation of the program's total operation.

**Proprietary Program Revenues and Expenses**

The fund receives revenue through an annual assessment on all workers' compensation policyholders, which is collected by all Montana workers' compensation insurers. The assessment is statutorily set (Title 39-71-915 MCA) at the amount equal to what was expended by the fund for the benefit payments plus the cost of administration in the previous calendar year, less other income. Thus, any rate beyond one year into the future is an unknown, and based solely on the insured's current year's use.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	117.03	117.03	150.03	150.03	117.03	150.03	33.00	28.20%
Personal Services	7,970,150	8,458,155	8,224,193	8,281,605	16,428,305	16,505,798	77,493	0.47%
Operating Expenses	5,194,309	8,157,003	5,978,906	5,922,870	13,351,312	11,901,776	(1,449,536)	(10.86%)
Equipment & Intangible Assets	350,931	394,746	357,866	350,866	745,677	708,732	(36,945)	(4.95%)
Grants	11,881	21,001	11,881	11,881	32,882	23,762	(9,120)	(27.74%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$13,527,271</b>	<b>\$17,030,905</b>	<b>\$14,572,846</b>	<b>\$14,567,222</b>	<b>\$30,558,176</b>	<b>\$29,140,068</b>	<b>(\$1,418,108)</b>	<b>(4.64%)</b>
State Special	13,527,271	14,513,147	14,572,846	14,567,222	28,040,418	29,140,068	1,099,650	3.92%
Other	0	2,517,758	0	0	2,517,758	0	(2,517,758)	(100.00%)
<b>Total Funds</b>	<b>\$13,527,271</b>	<b>\$17,030,905</b>	<b>\$14,572,846</b>	<b>\$14,567,222</b>	<b>\$30,558,176</b>	<b>\$29,140,068</b>	<b>(\$1,418,108)</b>	<b>(4.64%)</b>

**Program Description**

The Business Standards Division consists of four bureaus: the Building Codes Bureau, Weights and Measures Bureau, Health Care Licensing Bureau (HCLB), and Business and Occupational Licensing Bureau (BOLB). The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes throughout Montana. The bureau approves and certifies local government code enforcement programs adopted by the bureau and also assists the Board of Plumbers and State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance. The bureau also provides administrative, clerical, and compliance support for five licensing programs. The Weights and Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing and measuring devices used in making commercial transactions in Montana and enforces laws and regulations pertaining to the quantity control of prepackaged goods and petroleum products, and is responsible for maintaining the state standards of mass and volume applied when calibrating other mass and volume standards used in testing commercial devices. The HCLB provides administrative, clerical, and compliance support for 21 licensing boards and 1 program that license professionals and individuals working in the health care field. The licensing boards and program in HCLB include 130 board members and 8 advisory counsel members appointed by the Governor. The BOLB provides administrative, clerical, and compliance support for 11 licensing boards and 1 licensing program that license professionals and individuals working in non-health-care-related professions and occupations. The licensing boards in BOLB include 78 board members appointed by the Governor.

**Program Highlights**

Business Standards Division HB 2 Budget Highlights	
♦	A proprietary funded program for legal and hearing fees is moved to the Commissioner's Office / CSD
♦	A legislatively approved funding switch results in: <ul style="list-style-type: none"> <li>• An increase in funding from state special revenue of \$3.7 million</li> <li>• 33 FTE moved from the proprietary fund to state special revenue</li> </ul>
♦	The legislature added funding for general operating expenses of \$1.0 million over the biennium
♦	The legislature approved the transfer of 1.0 FTE and associated costs to the Office of Information Technology
♦	Funding was removed by the legislature for the Athletics Licensing program in conjunction with the passage of SB 171
♦	1.0 FTE and associated costs were funded by the legislature for the addition of an information support specialist

- ◆ Funding for the implementation of HB 13 (the pay plan bill) was added by the legislature

### Program Narrative

While the table shows a reduction in total funding from the prior biennium of 4.6 percent, the actual change is an increase of 3.9 percent. The difference is due to a change in funding for the support of boards. In the base year (FY 08), the program operated a proprietary funded program that included 33 FTE and related costs. The proprietary program charged individual state special revenue accounts for the trades and boards that require licensure and/or administrative support from the Business Standards Division for those administrative services provided. The charge to the board in the current year would reflect the expenditures incurred in the previous year and be budgeted in the upcoming year. This system proved cumbersome and confusing for both the boards and the program. In an effort to simplify the system and associate the charges with the services provided within the same fiscal year, the program transferred the non-budgeted proprietary program FTE to the budgeted HB 2 portion of the program and directly apportioned the costs to the appropriate state special revenue funds. Because these positions are classified as proprietary program positions, the expenditure must be removed from the HB 2 base year budget for the purpose of building the upcoming biennium budget. However, rather than removing the personal services expenditures as an adjustment in the proprietary program in the base year, the adjustment was made within the statewide present law for both FY 2008 and FY 2009 in the HB 2 budget. This is why the table shows a negative adjustment for personal services under the statewide present law. Because these changes have yet to be completed in the state accounting system for FY 2009, the funding and expenditures appropriated in FY 2009 of the program budget comparison table above are overstated resulting in the stated biennial change between the 2009 and 2011 biennia to be incorrect. The actual estimated change is an increase of 3.9 percent in the 2011 biennium from the 2009 biennium. In order to make this change for the upcoming biennium, the legislature has added the 33 FTE and associated costs to the HB 2 portion of the program and the remaining functions still funded with proprietary funds have been moved to the Centralized Services Division of the agency. The proprietary fund is now associated with the Commissioner's Office/CSD because it is used for legal and hearing fees overseen by that division.

The legislature also added funding for operational increases in a number of bureaus and provided increased funding due to the creation of new boards through legislative action.

Net increases in funding were approved by the legislature for indirect costs and the costs associated with the creation of the Office of Information Technology, including the reduction of 1.0 FTE. The legislature added funding for implementation of HB 13 (the pay plan bill) and approved the increase in vacancy saving from 4 to 7 percent for the upcoming biennium.

The legislature added 1.0 FTE to the program for an information technology support specialist position.

The legislature has removed funding for the Athletics Licensing program resulting in a decrease in state special revenue spending. This reduction was made in conjunction with legislation removing the program from statute.

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Business Standards Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
02000 Total State Special Funds	\$ 13,527,271	100.0%	\$ 14,572,846	100.0%	\$ 14,567,222	100.0%
02024 Blaster Licensing	6,477	0.0%	201,604	1.4%	193,426	1.3%
02078 Occupational Therapists	36,372	0.3%	29,676	0.2%	29,812	0.2%
02079 Fire Protection & Permitting	14,781	0.1%	14,325	0.1%	14,990	0.1%
02109 Board Of Outfitters	586,271	4.3%	497,496	3.4%	499,325	3.4%
02155 Boiler,Blaster,Crane Licensing	67,112	0.5%	65,357	0.4%	64,619	0.4%
02160 Legal Contingency Fund	-	-	70,000	0.5%	70,000	0.5%
02207 Crane Licensing	82,409	0.6%	80,014	0.5%	78,723	0.5%
02359 Chemical Dependency Counselors	57,185	0.4%	46,674	0.3%	46,859	0.3%
02446 Board Of Psychologist Exam	88,936	0.7%	72,311	0.5%	72,520	0.5%
02448 Building Codes State Spec Rev	4,968,912	36.7%	6,777,074	46.5%	6,780,464	46.5%
02580 Bd Of Athletice Trainers	5,407	0.0%	3,893	0.0%	3,969	0.0%
02764 Bd Of Adolescent Res. Or Outdr Pgm	47,247	0.3%	38,267	0.3%	38,374	0.3%
02767 Elevators	9,033	0.1%	8,253	0.1%	9,057	0.1%
02805 Weights & Measures Bureau	938,890	6.9%	943,866	6.5%	949,598	6.5%
02808 Board Of Landscape Architects	12,593	0.1%	10,516	0.1%	10,274	0.1%
02809 Board Of Speech Pathologists	47,779	0.4%	38,976	0.3%	39,067	0.3%
02810 Bd Of Radiologic Technologists	83,860	0.6%	68,385	0.5%	68,578	0.5%
02811 Clinical Lab Science Pract.	59,637	0.4%	48,616	0.3%	48,804	0.3%
02812 Physical Therapists	59,806	0.4%	48,508	0.3%	48,692	0.3%
02813 Bd Of Nursing Home Admin	45,596	0.3%	37,408	0.3%	37,547	0.3%
02814 Bd Of Hearing Aid Dispensers	56,260	0.4%	45,886	0.3%	46,074	0.3%
02815 Board Of Public Accountants	324,793	2.4%	447,543	3.1%	448,577	3.1%
02816 Board Of Sanitarians	22,254	0.2%	18,709	0.1%	18,894	0.1%
02818 Electrical Board	328,361	2.4%	277,737	1.9%	278,712	1.9%
02819 Board Of Realty Regulations	716,104	5.3%	603,037	4.1%	605,093	4.2%
02820 Board Of Architects	100,178	0.7%	85,259	0.6%	85,497	0.6%
02821 Board Of Funeral Service	88,191	0.7%	71,880	0.5%	72,095	0.5%
02822 Board Of Chiropractors	78,061	0.6%	63,438	0.4%	63,640	0.4%
02823 Professional Engineers	268,883	2.0%	228,508	1.6%	229,167	1.6%
02824 Board Of Medical Examiners	947,768	7.0%	1,023,891	7.0%	999,945	6.9%
02826 Cosmetology Board	505,418	3.7%	429,756	2.9%	431,219	3.0%
02828 Board Of Plumbers	266,612	2.0%	226,766	1.6%	227,415	1.6%
02829 Private Investigator	184,795	1.4%	157,075	1.1%	157,710	1.1%
02830 Board Of Dentistry	205,780	1.5%	167,752	1.2%	168,263	1.2%
02831 Board Of Optometrists	40,407	0.3%	33,171	0.2%	33,312	0.2%
02832 Board Of Pharmacy	589,654	4.4%	482,903	3.3%	484,401	3.3%
02833 Board Of Nursing	910,511	6.7%	740,188	5.1%	742,591	5.1%
02834 Board Of Veterinarians	88,258	0.7%	71,847	0.5%	72,058	0.5%
02840 Board Of Social Workers	190,203	1.4%	154,994	1.1%	155,488	1.1%
02841 Board Of Athletics	41,085	0.3%	(41,081)	-0.3%	(41,081)	-0.3%
02852 Bd. Of Alternative Health Care	59,136	0.4%	48,117	0.3%	48,299	0.3%
02854 Bd. Of Real Estate Appraisers	265,481	2.0%	109,342	0.8%	110,112	0.8%
02855 Bd Of Respiratory Care	30,775	0.2%	24,909	0.2%	25,043	0.2%
Grand Total	\$ 13,527,271	100.0%	\$ 14,572,846	100.0%	\$ 14,567,222	100.0%

The Business Standards Division is funded entirely through state special revenue. State special revenue accounts are maintained for each type of licensee and professional board. Charges and fees paid by licensees are deposited into 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 by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	13,527,271	13,527,271	27,054,542	92.84%
Statewide PL Adjustments	0	0	0	0.00%	(1,428,788)	(1,397,912)	(2,826,700)	(9.70%)
Other PL Adjustments	0	0	0	0.00%	463,196	449,626	912,822	3.13%
New Proposals	0	0	0	0.00%	2,011,167	1,988,237	3,999,404	13.72%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$14,572,846</b>	<b>\$14,567,222</b>	<b>\$29,140,068</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2010					Fiscal 2011				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(1,322,853)					(1,297,272)
Vacancy Savings				(265,893)					(266,911)
Inflation/Deflation				65,762					76,651
Fixed Costs				94,196					89,620
<b>Total Statewide Present Law Adjustments</b>									
	\$0	(\$1,428,788)		\$0 (\$1,428,788)		\$0	(\$1,397,912)		\$0 (\$1,397,912)
DP 503 - Administration General Operating Increase									
0.00	0	12,804	0	12,804	0.00	0	5,804	0	5,804
DP 504 - Health Care Licensing Bureau Operating Increases									
0.00	0	223,078	0	223,078	0.00	0	223,078	0	223,078
DP 505 - BOLB General Operating Increase									
0.00	0	171,737	0	171,737	0.00	0	171,737	0	171,737
DP 506 - Weights and Measures Bureau Operating Increase									
0.00	0	18,775	0	18,775	0.00	0	18,775	0	18,775
DP 507 - Building Codes General Operating Increase									
0.00	0	81,255	0	81,255	0.00	0	81,255	0	81,255
DP 7101 - Fuel Inflation Reduction									
0.00	0	(44,453)	0	(44,453)	0.00	0	(51,023)	0	(51,023)
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	\$463,196	\$0	\$463,196	0.00	\$0	\$449,626	\$0	\$449,626
<b>Grand Total All Present Law Adjustments</b>									
0.00	\$0	(\$965,592)	\$0	(\$965,592)	0.00	\$0	(\$948,286)	\$0	(\$948,286)

DP 503 - Administration General Operating Increase - The legislature approved an appropriation of \$12,804 in FY 2010 and \$5,804 in FY 2011 for general operating increases including \$7,000 to replace a server in FY 2010.

DP 504 - Health Care Licensing Bureau Operating Increases - The legislature approved an appropriation of \$223,078 in FY 2010 and \$223,078 in FY 2011 state special revenue funding is for board per diem, contracted services, supplies and materials, travel, off-campus rent increase, indirect costs, legal costs, and other miscellaneous administrative operating expenses.

DP 505 - BOLB General Operating Increase - The legislature approved funding of \$171,737 in FY 2010 and \$171,737 in FY 2011 for board member per diem, contracted services, supplies and materials, travel, rent, indirect costs, recharges, and other miscellaneous administrative operating expenses funded by state special revenue funds within the Business and Occupational Licensing Boards.

DP 506 - Weights and Measures Bureau Operating Increase - The legislature approved an appropriation of \$18,775 in FY 2010 and \$18,775 in FY 2011 state special revenue funds to cover supplies and materials, travel expenses, increases in rent, and indirect costs.

DP 507 - Building Codes General Operating Increase - The legislature approved an appropriation of \$81,255 in FY 2010 and \$81,255 in FY 2011 for operating expenses including rent, legal costs, and indirect costs. It is funded by state special revenue.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

## New Proposals

New Proposals											
-----Fiscal 2010-----						-----Fiscal 2011-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 501 - BSD - Funding Switch											
05	33.00	0	1,831,310	0	1,831,310	33.00	0	1,835,900	0	1,835,900	
DP 502 - Sunset the Athletics Licensing Program (Requires Legislation)											
05	0.00	0	(41,081)	0	(41,081)	0.00	0	(41,081)	0	(41,081)	
DP 509 - BSD IT Support Specialist FTE											
05	1.00	0	66,286	0	66,286	1.00	0	63,336	0	63,336	
DP 511 - BSD Restore Legal Contingency Fund - OTO											
05	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000	
DP 512 - Move of FTE to Office of Information Tech											
05	(1.00)	0	(115,855)	0	(115,855)	(1.00)	0	(115,912)	0	(115,912)	
DP 513 - Additional funds for indirect costs											
05	0.00	0	139,167	0	139,167	0.00	0	162,909	0	162,909	
DP 515 - Net Change in Indirect Cost Allocation for OIT											
05	0.00	0	65,875	0	65,875	0.00	0	40,838	0	40,838	
DP 516 - HB 409 Operating Increase											
05	0.00	0	13,795	0	13,795	0.00	0	0	0	0	
DP 517 - HB 578 Operating Increase											
05	0.00	0	12,661	0	12,661	0.00	0	0	0	0	
DP 518 - SB 271 Operating Expense Increase											
05	0.00	0	10,981	0	10,981	0.00	0	0	0	0	
DP 519 - SB 275 Operating Increase											
05	0.00	0	2,731	0	2,731	0.00	0	2,731	0	2,731	
DP 520 - Senate Bill 77 Operating Increase											
05	0.00	0	3,296	0	3,296	0.00	0	3,296	0	3,296	
DP 521 - HB 662 Operating Increase											
05	0.00	0	32,648	0	32,648	0.00	0	18,558	0	18,558	
DP 6013 - 2011 Biennium Pay Plan - HB 13											
05	0.00	0	48,746	0	48,746	0.00	0	147,882	0	147,882	
DP 6014 - Pay Plan Lump Sum Payment OTO											
05	0.00	0	70,050	0	70,050	0.00	0	0	0	0	
DP 8101 - Increase 4% Vacancy Savings to 7%											
05	0.00	0	(199,443)	0	(199,443)	0.00	0	(200,220)	0	(200,220)	
<b>Total</b>	<b>33.00</b>	<b>\$0</b>	<b>\$2,011,167</b>	<b>\$0</b>	<b>\$2,011,167</b>	<b>33.00</b>	<b>\$0</b>	<b>\$1,988,237</b>	<b>\$0</b>	<b>\$1,988,237</b>	

DP 501 - BSD - Funding Switch - The legislature approved the move of 33.00 proprietary FTE to HB 2. The FTE were previously accounted for in an internal service fund whereby a "recharge" was assessed to the boards and programs that use their services. The operating costs related to the FTE are in HB 2 base authority. Moving the FTE to HB 2 properly accounts for the cost of services provided through cost allocation rather than a "recharge".

DP 502 - Sunset the Athletics Licensing Program (Requires Legislation) - The legislature has removed funding for the Athletics Licensing program resulting in a decrease in state special revenue spending of \$41,081 in FY 2010 and \$41,081 in FY 2011.

DP 509 - BSD IT Support Specialist FTE - The legislature approved an appropriation of \$66,286 in FY 2010 and \$63,336 in FY 2011 including 1.00 FTE information support specialist and related operating costs.

DP 511 - BSD Restore Legal Contingency Fund - OTO - The legislature approved \$70,000 state special revenue funding each year of the biennium is to restore the legal contingency fund for the Business and Occupational and the Health Care Licensing Bureaus. This contingency fund has been included in the budget since the 1993 biennium and isn't used if it isn't needed.

DP 512 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.



DP 513 - Additional funds for indirect costs - The legislature approved \$139,167 in FY 2010 and \$162,909 in FY 2011 state special revenue funds for additional indirect costs.

DP 515 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$65,875 in FY 2010 and \$40,838 in FY 2011 for indirect costs. The net amount is a result of the addition of \$205,042 in FY 2010 and \$205,485 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$139,167 in FY 2010 and \$164,647 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 516 - HB 409 Operating Increase - The legislature approved an appropriation to accommodate the increased operating expenses due to the passage and approval of HB 409, creation of a cancer drug repository.

DP 517 - HB 578 Operating Increase - The legislature approved an appropriation to accommodate the increased operating expense due to, and contingent upon, the passage and approval of HB 578, creating the Montana health corps for in-home care.

DP 518 - SB 271 Operating Expense Increase - The legislature has approved an appropriation to accommodate the increased operating expenses due to the passage and approval of SB 271, requiring licensure and regulation for marriage and family therapists.

DP 519 - SB 275 Operating Increase - The legislature approved an appropriation to accommodate increased operating costs due to the passage and approval of SB 275, adding an additional pharmacist to the board of pharmacy.

DP 520 - Senate Bill 77 Operating Increase - The legislature approved an appropriation to accommodate the increased operating expenses due to the passage and approval of SB 77, adding a volunteer EMT to the board of medical examiners.

DP 521 - HB 662 Operating Increase - The legislature approved an appropriation to accommodate the increased operating expenses due to the passage and approval of HB 662, requiring licensure and regulation for massage therapists.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increase 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	242,130	217,164	237,895	239,645	459,294	477,540	18,246	3.97%
Operating Expenses	248,208	345,676	259,644	258,894	593,884	518,538	(75,346)	(12.69%)
Grants	2,155,787	2,360,030	2,155,787	2,155,787	4,515,817	4,311,574	(204,243)	(4.52%)
Transfers	275,274	260,000	275,274	275,274	535,274	550,548	15,274	2.85%
<b>Total Costs</b>	<b>\$2,921,399</b>	<b>\$3,182,870</b>	<b>\$2,928,600</b>	<b>\$2,929,600</b>	<b>\$6,104,269</b>	<b>\$5,858,200</b>	<b>(\$246,069)</b>	<b>(4.03%)</b>
General Fund	124,999	125,000	123,494	123,933	249,999	247,427	(2,572)	(1.03%)
State Special	39,027	125,000	39,432	39,370	164,027	78,802	(85,225)	(51.96%)
Federal Special	2,757,373	2,932,870	2,765,674	2,766,297	5,690,243	5,531,971	(158,272)	(2.78%)
<b>Total Funds</b>	<b>\$2,921,399</b>	<b>\$3,182,870</b>	<b>\$2,928,600</b>	<b>\$2,929,600</b>	<b>\$6,104,269</b>	<b>\$5,858,200</b>	<b>(\$246,069)</b>	<b>(4.03%)</b>

**Program Description**

The Office of Community Services provides administration for the Corporation for National and Community Service programs (AmeriCorps), community service, and volunteer efforts statewide. The office was created by the 1993 Legislature at the request of the Governor in order to support community-based volunteer programs focused on addressing critical community needs. The vision of the office and its Commission on Community Service is to cultivate service as a lifelong "habit of the heart" for all citizens, and in particular, instill an ethic of community service in young Montanans.

**Program Highlights**

Office of Community Service HB 2 Budget Highlights	
♦	No significant changes were made in 2011 biennium from 2009 biennium
♦	Funding for the implementation of HB 13 (the pay plan bill) was added by the legislature
HB 645 Budget Highlights	
♦	The legislature included \$500,000 additional federal funds spending authority for community service grant funding

**Program Narrative**

The legislatively approved budget for the program decreases by 4.0 percent in the 2011 biennium from the 2009 biennium. Although the legislature approved additional funding for the net increase in program costs due to the creation of the Office of Information Technology and the funding for the implementation of HB 13 (the pay plan bill), the legislature also approved the increase in vacancy savings from 3 to 7 percent that resulted in a net decrease in the biennial budget for the program.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Office Of Community Services							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 124,999	4.3%	\$ 123,494	4.2%	\$ 123,933	4.2%
	01100 General Fund	124,999	4.3%	123,494	4.2%	123,933	4.2%
02000	Total State Special Funds	39,027	1.3%	39,432	1.3%	39,370	1.3%
	02296 Mt Community Service Ssr	39,027	1.3%	39,432	1.3%	39,370	1.3%
03000	Total Federal Special Funds	2,757,373	94.4%	2,765,674	94.4%	2,766,297	94.4%
	03322 Mt Community Service Fsr	2,757,373	94.4%	2,765,674	94.4%	2,766,297	94.4%
Grand Total		\$ 2,921,399	100.0%	\$ 2,928,600	100.0%	\$ 2,929,600	100.0%

The major fund source for the program is federal special revenue. General fund and state special revenue funds most of the administrative expenses for the program, with federal special revenue filling the remainder and providing the funding for the grants and special projects administered by the program.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	124,999	124,999	249,998	101.04%	2,921,399	2,921,399	5,842,798	99.74%
Statewide PL Adjustments	257	315	572	0.23%	4,759	5,793	10,552	0.18%
Other PL Adjustments	0	0	0	0.00%	(6)	(7)	(13)	0.00%
New Proposals	(1,762)	(1,381)	(3,143)	(1.27%)	2,448	2,415	4,863	0.08%
<b>Total Budget</b>	<b>\$123,494</b>	<b>\$123,933</b>	<b>\$247,427</b>		<b>\$2,928,600</b>	<b>\$2,929,600</b>	<b>\$5,858,200</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					10,612					11,346
Vacancy Savings					(10,109)					(10,139)
Inflation/Deflation					300					337
Fixed Costs					3,956					4,249
Total Statewide Present Law Adjustments										
		\$257	\$0	\$4,502	\$4,759		\$315	\$0	\$5,478	\$5,793
DP 7101 - Fuel Inflation Reduction										
	0.00	0	0	(6)	(6)	0.00	0	0	(7)	(7)
Total Other Present Law Adjustments										
	0.00	\$0	\$0	(\$6)	(\$6)	0.00	\$0	\$0	(\$7)	(\$7)
Grand Total All Present Law Adjustments										
	0.00	\$257	\$0	\$4,496	\$4,753	0.00	\$315	\$0	\$5,471	\$5,786

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 710 - Move of FTE to Office of Information Tech 07	0.00	0	(67)	(1,131)	(1,198)	0.00	0	(67)	(1,131)	(1,198)
DP 715 - Net Change in Indirect Cost Allocation for OIT 07	0.00	0	472	7,912	8,384	0.00	0	410	6,895	7,305
DP 6013 - 2011 Biennium Pay Plan - HB 13 07	0.00	476	0	820	1,296	0.00	1,432	0	2,480	3,912
DP 6014 - Pay Plan Lump Sum Payment OTO 07	0.00	567	0	981	1,548	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7% 07	0.00	(2,805)	0	(4,777)	(7,582)	0.00	(2,813)	0	(4,791)	(7,604)
<b>Total</b>	<b>0.00</b>	<b>(\$1,762)</b>	<b>\$405</b>	<b>\$3,805</b>	<b>\$2,448</b>	<b>0.00</b>	<b>(\$1,381)</b>	<b>\$343</b>	<b>\$3,453</b>	<b>\$2,415</b>

DP 710 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 715 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$8,384 in FY 2010 and \$7,305 in FY 2011 for indirect costs. The net amount is a result of the addition of \$13,669 in FY 2010 and \$13,699 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$5,285 in FY 2010 and \$6,394 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Other Legislation**

HB 645 – This bill appropriates funds made available through the American Recovery and Reinvestment Act (ARRA) of 2009. The federal funds allocated to the program are for specifically designated purposes in the federal act and, therefore, have been denoted as “siloeed” funds. The legislature provided appropriation of \$500,000 in federal funds to the Office of Community Services for increased community service grants available to the state as a result of the ARRA.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.00	6.00	7.00	7.00	6.00	7.00	1.00	16.67%
Personal Services	448,278	444,111	469,528	473,287	892,389	942,815	50,426	5.65%
Operating Expenses	138,489	203,214	192,509	192,141	341,703	384,650	42,947	12.57%
<b>Total Costs</b>	<b>\$586,767</b>	<b>\$647,325</b>	<b>\$662,037</b>	<b>\$665,428</b>	<b>\$1,234,092</b>	<b>\$1,327,465</b>	<b>\$93,373</b>	<b>7.57%</b>
State Special	586,767	647,325	662,037	665,428	1,234,092	1,327,465	93,373	7.57%
<b>Total Funds</b>	<b>\$586,767</b>	<b>\$647,325</b>	<b>\$662,037</b>	<b>\$665,428</b>	<b>\$1,234,092</b>	<b>\$1,327,465</b>	<b>\$93,373</b>	<b>7.57%</b>

**Program Description**

The Workers' Compensation Court provides a venue for Montana employees, employers, and the insurance industry to resolve disputes arising from work-related injuries and occupational diseases. The court is attached to the department for administrative purposes only.

**Program Highlights**

Workers Compensation Court HB 2 Budget Highlights	
♦	The legislature approved the addition of 1.0 FTE and related costs for a Judicial Clerical Clerk position
♦	Language added by the legislature appropriates up to \$20,000 of state special revenue for replacement judges when the workers' compensation judge must recuse himself from a case

**Program Narrative**

The legislatively approved budget for this program increased by 7.6 percent in the 2011 biennium from the 2009 biennium due to an increase in operational expenditures, a net increase in costs because of the creation of the Office of Information Technology, funding for implementation of HB 13 (the pay plan bill), and the addition of 1.0 FTE, a court clerk.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Workers Compensation Court						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
02000 Total State Special Funds	\$ 586,767	100.0%	\$ 662,037	100.0%	\$ 665,428	100.0%
02455 Workers' Comp Regulation	586,767	100.0%	662,037	100.0%	665,428	100.0%
Grand Total	\$ 586,767	100.0%	\$ 662,037	100.0%	\$ 665,428	100.0%

The workers compensation court is funded entirely from state special revenue derived from a fee charged to workers compensation carriers in Montana.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	586,767	586,767	1,173,534	88.40%
Statewide PL Adjustments	0	0	0	0.00%	(11,741)	(11,279)	(23,020)	(1.73%)
Other PL Adjustments	0	0	0	0.00%	38,689	39,556	78,245	5.89%
New Proposals	0	0	0	0.00%	48,322	50,384	98,706	7.44%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$662,037</b>	<b>\$665,428</b>	<b>\$1,327,465</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					929					1,167
Vacancy Savings					(17,969)					(17,977)
Inflation/Deflation					840					1,081
Fixed Costs					4,459					4,450
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$11,741)</b>	<b>\$0</b>	<b>(\$11,741)</b>		<b>\$0</b>	<b>(\$11,279)</b>	<b>\$0</b>	<b>(\$11,279)</b>
DP 901 - Workers Comp Court Operating Increase	0.00	0	38,689	0	38,689	0.00	0	39,556	0	39,556
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$38,689</b>	<b>\$0</b>	<b>\$38,689</b>	<b>0.00</b>	<b>\$0</b>	<b>\$39,556</b>	<b>\$0</b>	<b>\$39,556</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$26,948</b>	<b>\$0</b>	<b>\$26,948</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,277</b>	<b>\$0</b>	<b>\$28,277</b>

DP 901 - Workers Comp Court Operating Increase - The legislature approved an appropriation of \$38,689 in FY 2010 and \$39,556 in FY 2011 for indirect costs to support the Centralized Services Division, off-campus rent increase, and contracted services. The funding source is state special revenue.

**New Proposals**

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 902 - Judicial Clerical Clerk FTE										
09	1.00	0	53,968	0	53,968	1.00	0	54,303	0	54,303
DP 910 - Move of FTE to Office of Information Tech										
09	0.00	0	(1,067)	0	(1,067)	0.00	0	(1,067)	0	(1,067)
DP 915 - Net Change in Indirect Cost Allocation for the OIT										
09	0.00	0	5,598	0	5,598	0.00	0	3,820	0	3,820
DP 6013 - 2011 Biennium Pay Plan - HB 13										
09	0.00	0	2,254	0	2,254	0.00	0	6,811	0	6,811
DP 6014 - Pay Plan Lump Sum Payment OTO										
09	0.00	0	1,046	0	1,046	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
09	0.00	0	(13,477)	0	(13,477)	0.00	0	(13,483)	0	(13,483)
Total	1.00	\$0	\$48,322	\$0	\$48,322	1.00	\$0	\$50,384	\$0	\$50,384

DP 902 - Judicial Clerical Clerk FTE - The legislature approved an appropriation of \$53,968 in FY 2010 and \$54,303 in FY 2011 of state special revenue funding for 1.00 FTE to perform clerical duties within the court and indirect costs.

DP 910 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 915 - Net Change in Indirect Cost Allocation for the OIT - The legislature approved a net increase of \$5,598 in FY 2010 and \$3,820 in FY 2011 for indirect costs. The net amount is a result of the addition of \$13,669 in FY 2010 and \$13,699 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$8,071 in FY 2010 and \$9,879 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This item funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

#### **Language and Statutory Authority**

The legislature added the following language to HB 2:

“The workers' compensation court is appropriated up to \$20,000 state special revenue for the 2011 biennium to contract for replacement judges when the workers' compensation judge must recuse himself from a case.”