

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	755.10	755.10	756.60	756.60	755.10	756.60	1.50	0.20%
Personal Services	37,392,570	41,436,981	42,475,646	42,467,324	78,829,551	84,942,970	6,113,419	7.76%
Operating Expenses	20,324,240	21,629,850	23,586,862	23,616,055	41,954,090	47,202,917	5,248,827	12.51%
Equipment & Intangible Assets	274,234	437,032	274,234	274,234	711,266	548,468	(162,798)	(22.89%)
Grants	10,452,612	8,729,072	11,779,098	11,779,098	19,181,684	23,558,196	4,376,512	22.82%
Benefits & Claims	103,300	126,085	74,840	74,840	229,385	149,680	(79,705)	(34.75%)
Transfers	438,265	636,083	251,907	251,907	1,074,348	503,814	(570,534)	(53.11%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	\$68,988,996	\$72,998,878	\$78,446,362	\$78,467,233	\$141,987,874	\$156,913,595	\$14,925,721	10.51%
General Fund	2,308,627	2,612,713	1,476,064	1,483,665	4,921,340	2,959,729	(1,961,611)	(39.86%)
State Special	35,856,229	38,237,903	41,849,547	41,914,681	74,094,132	83,764,228	9,670,096	13.05%
Federal Special	30,767,415	32,047,983	35,032,341	34,980,370	62,815,398	70,012,711	7,197,313	11.46%
Other	56,725	100,279	88,410	88,517	157,004	176,927	19,923	12.69%
Total Funds	\$68,988,996	\$72,998,878	\$78,446,362	\$78,467,233	\$141,987,874	\$156,913,595	\$14,925,721	10.51%

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:

- o Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- o Oversees federal and state training and apprenticeship programs
- o Conducts research and collects employment statistics
- o Administers the unemployment insurance program and disburses state unemployment benefits
- o Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- o Provides adjudicative services in labor-management disputes
- o Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- o Provides administrative and clerical services to the 40 professional boards and occupational licensing programs authorized by state statutes
- o Establishes and enforces minimum building codes
- o Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- o 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

Department of Labor and Industry Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The budget increases by 10.5% or \$14.9 million, compared to the 2011 biennium ◆ A reduction in general fund of almost \$2.0 million for the biennium is accomplished primarily through two funding switches: <ul style="list-style-type: none"> • \$1.6 million from the employment security account • \$0.2 million from the Worker's Comp Regulation account ◆ The increase in the budget from the 2011 biennium level is due primarily to: <ul style="list-style-type: none"> • Statewide present law adjustments • Significant increases in five of the seven divisions for indirect assessments • Funding the incumbent worker program at the 2011 biennium appropriated level • Increased federal grants for Trade Adjustment Assistance • Funding for utilization and treatment guidelines ◆ \$2.5 million in new federal funds authority is utilized to fund: <ul style="list-style-type: none"> • Increased Trade Adjustment Assistance grants of almost \$1.5 million • Unemployment Insurance modernization on a one-time-only basis • Indirect rates to fund the Commissioner's Office ◆ The 5% reduction plan reduced general fund by \$0.2 million, in addition to over \$47,000 in state special reductions achieved by turning in a motor pool vehicle ◆ Appropriations totaling over \$1.2 million were added to fund the passage of three bills requiring implementation efforts by the department 	

Summary of Legislative Action

Overall, this budget increases by \$14.9 million, or 10.5% in the 2013 biennium as compared to the 2011 biennium. A variety of factors contribute to this increase, including significant indirect rate adjustments throughout much of the department. Trade Adjustment Assistance federal funds are increased by almost \$1.5 million. In addition, \$1.2 million was added in line items to fund costs associated with the passage of three other bills. Total reductions from the 5% reduction plan and motor pool reductions are approximately \$0.3 million.

The employment security account (ESA) is a state special revenue account that collects a surcharge on unemployment insurance premiums and is used for a variety of purposes in the department, primarily job service offices, research and analysis, and unemployment insurance administration. This account had an ending fund balance for FY 2010 of \$6.3 million. In the 2013 biennium the legislature uses this account to replace general fund expenses of approximately \$1.8 million for various other workforce programs within this agency. The fund balance is also used to contribute to the cost of replacement of unemployment insurance computer systems originally funded by the 2009 Legislature.

Funding

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

Total Agency Funding 2013 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Work Force Services Division	\$ -	\$ 21,334,836	\$ 42,481,011	\$ -	\$ 63,815,847	40.67%
02 Unemployment Insurance Divisio	-	7,435,051	19,193,189	-	26,628,240	16.97%
03 Commissioner'S Office/Csd	557,480	1,368,934	1,160,686	176,927	3,264,027	2.08%
04 Employment Relations Division	2,154,664	21,982,325	1,430,315	-	25,567,304	16.29%
05 Business Standards Division	-	30,220,168	25,342	-	30,245,510	19.28%
07 Office Of Community Services	247,585	78,803	5,722,168	-	6,048,556	3.85%
09 Workers Compensation Court	-	1,344,111	-	-	1,344,111	0.86%
Grand Total	<u>\$ 2,959,729</u>	<u>\$ 83,764,228</u>	<u>\$ 70,012,711</u>	<u>\$ 176,927</u>	<u>\$ 156,913,595</u>	<u>100.0%</u>

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,308,627	2,308,627	4,617,254	156.00%	68,988,996	68,988,996	137,977,992	87.93%
Statewide PL Adjustments	150,200	161,420	311,620	10.53%	6,056,016	6,066,805	12,122,821	7.73%
Other PL Adjustments	36,836	36,299	73,135	2.47%	1,984,434	2,058,262	4,042,696	2.58%
New Proposals	(1,019,599)	(1,022,681)	(2,042,280)	(69.00%)	1,416,916	1,353,170	2,770,086	1.77%
Total Budget	\$1,476,064	\$1,483,665	\$2,959,729		\$78,446,362	\$78,467,233	\$156,913,595	

Other Legislation

HB 83 - This bill requires the Board of Pharmacy to create a prescription drug registry that will be funded with fees on prescribers and dispensers of these drugs. An appropriation of \$261,000 state special revenue has been included in HB 2 for this purpose.

HB 334 - This bill enacts numerous revisions to the workers' compensation laws of Montana. An appropriation of \$851,000 state special revenue for the costs associated with implementing these changes has been made in HB 2, including the addition of 1.50 FTE.

SB 423 - This bill enacts the Montana Marijuana Act and requires the board of medical examiners to monitor physician certifying practices and report to the legislature. An appropriation of \$100,000 state special revenue has been made in HB 2 for this purpose.

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	755.10	757.22	756.60	(0.62)	757.22	756.60	(0.62)	
Personal Services	37,392,570	42,341,455	42,475,646	134,191	42,333,367	42,467,324	133,957	268,148
Operating Expenses	20,324,240	23,118,609	23,586,862	468,253	23,210,975	23,616,055	405,080	873,333
Equipment & Intangible Assets	274,234	274,234	274,234	0	274,234	274,234	0	0
Grants	10,452,612	11,779,098	11,779,098	0	11,779,098	11,779,098	0	0
Benefits & Claims	103,300	103,300	74,840	(28,460)	103,300	74,840	(28,460)	(56,920)
Transfers	438,265	251,907	251,907	0	251,907	251,907	0	0
Debt Service	3,775	3,775	3,775	0	3,775	3,775	0	0
Total Costs	\$68,988,996	\$77,872,378	\$78,446,362	\$573,984	\$77,956,656	\$78,467,233	\$510,577	\$1,084,561
General Fund	2,308,627	2,417,105	1,476,064	(941,041)	2,427,988	1,483,665	(944,323)	(1,885,364)
State/Other Special	35,856,229	40,334,522	41,849,547	1,515,025	40,459,781	41,914,681	1,454,900	2,969,925
Federal Special	30,767,415	35,032,341	35,032,341	0	34,980,370	34,980,370	0	0
Proprietary	56,725	88,410	88,410	0	88,517	88,517	0	0
Total Funds	\$68,988,996	\$77,872,378	\$78,446,362	\$573,984	\$77,956,656	\$78,467,233	\$510,577	\$1,084,561

The total budget is almost \$1.1 million greater than the executive proposal, as a result of \$1.2 million in funding provided for the implementation of three bills passed by the legislature.

In addition, there is a significant difference in the funding mechanism, resulting in a general fund reduction of \$1.9 million. The primary reason for this is a funding switch which utilizes \$1.6 million from the employment security account state special revenue to fund general fund operations of the Work Force Services Division. A smaller switch utilizes just over \$0.2 million of the Worker's Comp Regulation state special revenue account to fund general fund work comp related activities in the Employment Relations Division.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Employment Relations Division includes a reduction in general fund money of \$2,999 in FY 2012 and \$2,986 in FY 2013. The agency may allocate this reduction in funding among programs when developing 2013 biennium operating plans."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	294.96	294.96	293.96	293.96	294.96	293.96	(1.00)	(0.34%)
Personal Services	12,208,560	15,746,286	15,820,397	15,812,593	27,954,846	31,632,990	3,678,144	13.16%
Operating Expenses	5,340,350	6,263,839	6,578,746	6,520,131	11,604,189	13,098,877	1,494,688	12.88%
Equipment & Intangible Assets	50,261	21,288	50,261	50,261	71,549	100,522	28,973	40.49%
Grants	7,993,376	6,561,404	9,319,862	9,319,862	14,554,780	18,639,724	4,084,944	28.07%
Transfers	171,867	171,924	171,867	171,867	343,791	343,734	(57)	(0.02%)
Total Costs	\$25,764,414	\$28,764,741	\$31,941,133	\$31,874,714	\$54,529,155	\$63,815,847	\$9,286,692	17.03%
General Fund	763,335	1,050,461	0	0	1,813,796	0	(1,813,796)	(100.00%)
State Special	7,203,658	8,355,751	10,650,425	10,684,411	15,559,409	21,334,836	5,775,427	37.12%
Federal Special	17,797,421	19,358,529	21,290,708	21,190,303	37,155,950	42,481,011	5,325,061	14.33%
Total Funds	\$25,764,414	\$28,764,741	\$31,941,133	\$31,874,714	\$54,529,155	\$63,815,847	\$9,286,692	17.03%

Program Description

The Workforce Services Division (WSD) operates through four bureaus. The Job Service Operations Bureau (formally called the Field Operations Bureau) operates and manages services for a network of 25 Job Service Workforce Centers, the majority of which are part of the One-Stop workforce development and support system under the federal Workforce Investment Act (WIA). The Job Service Operations Bureau 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 and migrant farm workers, and general job seekers.

The newly created (2009) 21st Century Workforce Technology Apprenticeship and Training bureau includes the Apprenticeship and Training program, the Jobs for Montana Graduates (JMG), and the Incumbent Worker Training program. The bureau also houses the State Workforce Investment Board, which is a WIA mandated advisory council responsible for advising the administration regarding the creation and implementation of the statewide workforce development system.

The Statewide Workforce Programs and Oversight Bureau provides the administrative oversight, regulatory, and reporting functions for the division's state and federal programs, and in particular the statewide implementation of the Workforce Investment Act.

Working in conjunction with the U.S. Bureau of Labor Statistics, the Research and Analysis Bureau collects and produces labor market and additional economic statistical information. The bureau produces a number of publications providing economic and market analysis including monthly employment statistics. The bureau provides informational support to a number of state agencies and educational facilities.

Program Highlights

Workforce Services Division Major Budget Highlights	
◆	The budget increases by 17.0% from the previous biennium due to statewide adjustments and additional funding for grant programs
◆	100% of the general fund support, or \$1.8 million, is eliminated, and replaced with state special funds from the employment security account

Program Narrative

The budget for the Workforce Services Division increases by 17.0%, or a total of \$9.3 million as compared to the 2011 biennium. Present law adjustments account for most of the increase, totaling \$11.0 million, while the legislature approved additional federal funding of \$1.5 million for trade adjustment grants, and \$0.1 million in reductions. The remaining discrepancy between the overall \$9.3 million increase between biennia, and the \$12.5 million in approved increases is explained by lower expenditures in the base year than appropriated for FY 2011.

General fund support for this division is eliminated completely through a funding switch utilizing the employment security account.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table Work Force Services Division						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 763,335	3.0%	\$ -	-	\$ -	-
01100 General Fund	763,335	3.0%	-	-	-	-
02000 Total State Special Funds	7,203,658	28.0%	10,650,425	33.3%	10,684,411	33.5%
02242 Contracts From Phhs	-	-	-	-	-	-
02258 Employment Security Account	7,124,182	27.7%	10,554,135	33.0%	10,588,777	33.2%
02455 Workers' Comp Regulation	79,476	0.3%	96,290	0.3%	95,634	0.3%
03000 Total Federal Special Funds	17,797,421	69.1%	21,290,708	66.7%	21,190,303	66.5%
03124 Employment Trng Grants	7,382,829	28.7%	8,750,782	27.4%	8,755,839	27.5%
03128 L & I Federal Funding	277,095	1.1%	334,397	1.0%	333,666	1.0%
03131 Osha Stat Prgm Fed.St Sdy	79,501	0.3%	95,818	0.3%	95,662	0.3%
03145 Wired Grant (17.261)(Lab&Ind)	-	-	-	-	-	-
03156 Wsd Green Jobs Grant	-	-	-	-	-	-
03194 Research/Analysis Crm	759,239	2.9%	924,392	2.9%	922,653	2.9%
03297 Labor And Industry Veteran Gra	793,282	3.1%	879,558	2.8%	884,707	2.8%
03682 Wagner Peyser	4,849,949	18.8%	5,207,335	16.3%	5,236,911	16.4%
03692 Alien Labor Certification(Alc)	85,147	0.3%	95,708	0.3%	96,048	0.3%
03693 Wrk Opportunities Tx Crdt/Wotc	38,230	0.1%	63,919	0.2%	62,926	0.2%
03694 Trade Adjustment Assist/Nafta	3,525,059	13.7%	4,930,114	15.4%	4,793,222	15.0%
03954 Ui Administrative Grants	7,090	0.0%	8,685	0.0%	8,669	0.0%
Grand Total	<u>\$ 25,764,414</u>	<u>100.0%</u>	<u>\$ 31,941,133</u>	<u>100.0%</u>	<u>\$ 31,874,714</u>	<u>100.0%</u>

Approximately 2/3 of the total funding for the Workforce Services Division is from federal special revenue. Nearly 90% of this funding is from three federal programs: the Wagner-Peyser Act, the Workforce Investment Act, and the Trade Adjustment Assistance program (Trade Act of 1974).

The majority of the state special revenue funding is from the employment security account (ESA). The revenue for this account is received from an administrative assessment against payroll amounts of Montana employers. Statute enumerates the uses of the fund, including the operating expenses of the Job Service offices. General fund had supported the 21st Century Workforce program and the Research and Analysis Bureau. The legislature approved a funding switch to ESA funds in the 2013 biennium.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	763,335	763,335	1,526,670	0.00%	25,764,414	25,764,414	51,528,828	80.75%
Statewide PL Adjustments	129,005	132,396	261,401	0.00%	4,307,911	4,249,484	8,557,395	13.41%
Other PL Adjustments	20,960	20,664	41,624	0.00%	1,244,802	1,236,286	2,481,088	3.89%
New Proposals	(913,300)	(916,395)	(1,829,695)	0.00%	624,006	624,530	1,248,536	1.96%
Total Budget	\$0	\$0	\$0		\$31,941,133	\$31,874,714	\$63,815,847	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					4,362,642					4,354,278
Vacancy Savings					(662,686)					(662,354)
Inflation/Deflation					(44,015)					(42,457)
Fixed Costs					651,970					600,017
Total Statewide Present Law Adjustments		\$129,005	\$1,839,396	\$2,339,510	\$4,307,911		\$132,396	\$1,872,648	\$2,244,440	\$4,249,484
DP 101 - WSD Indirect Rate Adjustment	0.00	20,960	209,313	423,978	654,251	0.00	20,664	206,428	418,643	645,735
DP 102 - Incumbent Worker Program	0.00	0	560,980	0	560,980	0.00	0	560,980	0	560,980
DP 105 - Displaced Homemaker Increase	0.00	0	37,000	0	37,000	0.00	0	37,000	0	37,000
DP 106 - Motor Pool Reduction	0.00	0	(2,228)	(5,201)	(7,429)	0.00	0	(2,228)	(5,201)	(7,429)
Total Other Present Law Adjustments	0.00	\$20,960	\$805,065	\$418,777	\$1,244,802	0.00	\$20,664	\$802,180	\$413,442	\$1,236,286
Grand Total All Present Law Adjustments	0.00	\$149,965	\$2,644,461	\$2,758,287	\$5,552,713	0.00	\$153,060	\$2,674,828	\$2,657,882	\$5,485,770

DP 101 - WSD Indirect Rate Adjustment - The legislature approved a request by the Workforce Services Division for funds to meet adjusted costs for the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates.

DP 102 - Incumbent Worker Program - The legislature approved a request from the 21st Century Bureau, which administers this program, for an adjustment to reinstate its original FY 2010 authority.

DP 105 - Displaced Homemaker Increase - The legislature approved funding to expand the existing Displaced Homemaker Program.

DP 106 - Motor Pool Reduction - The legislature approved a reduction to offset costs for one leased vehicle that was returned to the state motor pool in FY 2010.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 107 - Increased Federal Grant TAA										
01	0.00	0	0	735,000	735,000	0.00	0	0	735,000	735,000
DP 110 - Unallocated General Fund reduction										
01	0.00	(20,960)	0	0	(20,960)	0.00	(20,664)	0	0	(20,664)
DP 55400 - 4% Personal Services Reduction										
01	(1.00)	(88,119)	0	0	(88,119)	(1.00)	(87,891)	0	0	(87,891)
DP 78199 - Fund programs with ESA (02258)										
01	0.00	(802,306)	802,306	0	0	0.00	(805,925)	805,925	0	0
DP 95101 - 5% Plan - Unspecified State Special Rev Reduction										
01	0.00	0	(1,094,968)	0	(1,094,968)	0.00	0	(1,094,968)	0	(1,094,968)
DP 95102 - 5% Plan - Comm. Coll. Student Growth reduction										
01	0.00	(78,910)	0	0	(78,910)	0.00	(78,910)	0	0	(78,910)
DP 95103 - 5% Plan - Travel and Supplies Reduction										
01	0.00	(1,915)	0	0	(1,915)	0.00	(1,915)	0	0	(1,915)
DP 96101 - Restore 5% - Restore SSR authorization										
01	0.00	0	1,094,968	0	1,094,968	0.00	0	1,094,968	0	1,094,968
DP 96102 - Restore 5% - Switched out for alternate DP										
01	0.00	78,910	0	0	78,910	0.00	78,910	0	0	78,910
Total	(1.00)	(\$913,300)	\$802,306	\$735,000	\$624,006	(1.00)	(\$916,395)	\$805,925	\$735,000	\$624,530

DP 107 - Increased Federal Grant TAA - The legislature approved an increase to the federal award for Trade Adjustment Assistance (TAA) over base expenditures of \$3,512,367 in FY 2010.

DP 110 - Unallocated General Fund reduction - The legislature approved an unallocated reduction of general fund authority to offset additional indirect costs charged against the general fund.

DP 55400 - 4% Personal Services Reduction - The legislature approved a reduction in general fund personal services budgets as a part of the 5% budget reduction plans submitted by the agencies. This was approved as a replacement to DP 95102, which had been initially approved by the legislature as submitted by the agency.

DP 78199 - Fund programs with ESA (02258) - The legislature approved a funding switch for the 21st Century Workforce program and the Research and Analysis Bureau, converting its funding source from general fund to the employment security account.

DP 95101 - 5% Plan - Unspecified State Special Rev Reduction - The legislature reduced state special revenue funding from the employment security account by \$2,189,936 over the biennium. The reduction includes the elimination of up to 10.0 FTE and associated operating costs. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was restored in DP 96101.

DP 95102 - 5% Plan - Comm. Coll. Student Growth reduction - The legislature reduced general fund for the Community College Student Growth Account program in the 21st Century Workforce bureau by \$157,820 over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was reversed in DP 96102.

DP 95103 - 5% Plan - Travel and Supplies Reduction - The legislature reduced operating cost funding from the general fund by \$3,830 over the biennium for the Research and Analysis Bureau. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 96101 - Restore 5% - Restore SSR authorization - The legislature reversed a 5% reduction by restoring authority for the Work Force Services Division to spend a total of \$2,189,936 in the 2013 biennium from the Employment Security Account.

DP 96102 - Restore 5% - Switched out for alternate DP - The legislature reversed a 5% reduction by restoring \$157,820 to the 21st Century Workforce Services program. This restoration was offset by a new 5% reduction that eliminates 1.00 FTE.

Proprietary Program Description

The purpose of Montana Career Information System (MCIS) is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. MCIS is currently being funded by a College Access Challenge Grant for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. This funding pays for the majority of the expenses of the system including personal services and operating expenses outside of the optional components. The grant funding is for federal fiscal years 2011 and 2012. When the grant ends, MCIS will re-apply for the current grant funding, seek other funding or resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the grant that require the program to collect fees associated with each optional component.

Proprietary Revenues and Expenses

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

Revenue is generated through fees for purchase of a one year optional component license.

Proprietary Rate Explanation

The legislature approved the following proprietary rates:

- IDEAS Assessment: \$100 per site license per year
- Dependable Strengths: \$200 per site license per year
- Peterson's Academic Practice Tests: (per site, per practice test package)
- Enrollment up to 200 - \$225
- Enrollment 201-500 - \$275
- Enrollment over 500 - \$325
- Peterson's Civil Service Practice Test Package: (per site)
- Schools - \$200
- Agencies - \$225

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	153.00	153.00	153.00	153.00	153.00	153.00	0.00	0.00%
Personal Services	7,734,008	7,877,361	8,168,234	8,172,129	15,611,369	16,340,363	728,994	4.67%
Operating Expenses	4,396,957	4,349,603	5,118,387	5,161,940	8,746,560	10,280,327	1,533,767	17.54%
Transfers	186,358	188,885	0	0	375,243	0	(375,243)	(100.00%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	\$12,321,098	\$12,419,624	\$13,290,396	\$13,337,844	\$24,740,722	\$26,628,240	\$1,887,518	7.63%
State Special	3,444,602	3,736,669	3,716,424	3,718,627	7,181,271	7,435,051	253,780	3.53%
Federal Special	8,876,496	8,682,955	9,573,972	9,619,217	17,559,451	19,193,189	1,633,738	9.30%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$12,321,098	\$12,419,624	\$13,290,396	\$13,337,844	\$24,740,722	\$26,628,240	\$1,887,518	7.63%

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 inquires. 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 Major Budget Highlights	
◆	The budget increases by 7.6% from the previous biennium due to statewide present law adjustments, as well as an indirect rate increase and additional operating expenses

Program Narrative

The budget for the Unemployment Insurance Division increases by 7.6%, or a total of \$1.9 million as compared to the 2011 biennium. In addition to present law adjustments, the legislature approved an increase of \$0.4 million for the modernization of unemployment systems, which was approved as a one-time-only appropriation.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	\$ 3,444,602	28.0%	\$ 3,716,424	28.0%	\$ 3,718,627	27.9%
02258 Employment Security Account	3,404,602	27.6%	3,665,424	27.6%	3,667,627	27.5%
02315 Dli Info Exchange/Rental	40,000	0.3%	51,000	0.4%	51,000	0.4%
03000 Total Federal Special Funds	8,876,496	72.0%	9,573,972	72.0%	9,619,217	72.1%
03278 Ui Penalty & Interest	476,543	3.9%	525,000	4.0%	525,000	3.9%
03389 Arra Ui Modernization	-	-	186,490	1.4%	185,951	1.4%
03391 Arra Ui Admin Spcl Transfer	-	-	-	-	-	-
03954 Ui Administrative Grants	8,213,596	66.7%	8,862,482	66.7%	8,908,266	66.8%
03967 Ui Reed Act	186,357	1.5%	-	-	-	-
06000 Total Proprietary Funds	-	-	-	-	-	-
06069 Ui Tax Benefit Fund	-	-	-	-	-	-
Grand Total	<u>\$ 12,321,098</u>	<u>100.0%</u>	<u>\$ 13,290,396</u>	<u>100.0%</u>	<u>\$ 13,337,844</u>	<u>100.0%</u>

The HB 2 funded functions of the Unemployment Insurance Division are the administrative and operational portions of the program's budget. This accounts for just under 7% of the total funding for the program with the proprietary claims and benefit payment functions accounting for just over 93%. The administrative and operational functions in HB 2 are funded through administrative grants of federal special revenue and state special revenue from the employment security account, which is an assessment charged to employers as a percentage of their payroll. The proprietary program is discussed at the end of this section.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	12,321,098	12,321,098	24,642,196	92.54%
Statewide PL Adjustments	0	0	0	0.00%	738,008	789,877	1,527,885	5.74%
Other PL Adjustments	0	0	0	0.00%	44,800	40,918	85,718	0.32%
New Proposals	0	0	0	0.00%	186,490	185,951	372,441	1.40%
Total Budget	\$0	\$0	\$0		\$13,290,396	\$13,337,844	\$26,628,240	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					544,560					549,050
Vacancy Savings					(330,851)					(331,029)
Inflation/Deflation					29,681					29,927
Fixed Costs					494,618					541,929
Total Statewide Present Law Adjustments		\$0	\$208,535	\$529,473	\$738,008		\$0	\$213,807	\$576,070	\$789,877
DP 201 - UI Indirect Rate Adjustment	0.00	0	20,677	85,481	106,158	0.00	0	19,037	83,239	102,276
DP 202 - UI Operating Increase	0.00	0	42,610	(103,968)	(61,358)	0.00	0	41,181	(102,539)	(61,358)
Total Other Present Law Adjustments	0.00	\$0	\$63,287	(\$18,487)	\$44,800	0.00	\$0	\$60,218	(\$19,300)	\$40,918
Grand Total All Present Law Adjustments	0.00	\$0	\$271,822	\$510,986	\$782,808	0.00	\$0	\$274,025	\$556,770	\$830,795

DP 201 - UI Indirect Rate Adjustment - The legislature approved funding to meet adjusted costs for the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates.

DP 202 - UI Operating Increase - The legislature approved base adjustments in overtime and an increase related to workload which includes legal fees, interpreter services, Secretary of State web access charges and bank service charges. This also eliminates the amount for the UI bond payment. Final payment was made in FY 2011. The increase in operating is funded by federal and state authority, and the elimination of the bond payment is a reduction in federal authority.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 203 - UI Modernization - OTO	02	0.00	0	0	186,490	186,490	0.00	0	0	185,951	185,951
Total		0.00	\$0	\$0	\$186,490	\$186,490	0.00	\$0	\$0	\$185,951	\$185,951

DP 203 - UI Modernization - OTO - The legislature approved the funding, but not the request for 3.00 FTE, for personal services, associated with updating the unemployment insurance system to incorporate recent state and federal changes. The adjustment includes operating and indirect costs totaling \$15,973 for FY 2012 and \$15,851 for FY 2013, on a one-time-only basis.

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 their unemployment insurance. DLI expends the funds by paying unemployment insurance benefit claims.

Proprietary Revenues and Expenses

The expenditures are unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to have taken out of the benefit check.

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the Unemployment Insurance Trust Fund.

Proprietary Rate Explanation

The Unemployment Insurance Division administers the state unemployment insurance law. The proprietary rate is set in statute under 39-51-1217, MCA.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,113,947	1,251,731	1,225,076	1,227,796	2,365,678	2,452,872	87,194	3.69%
Operating Expenses	352,356	453,577	405,501	405,654	805,933	811,155	5,222	0.65%
Total Costs	\$1,466,303	\$1,705,308	\$1,630,577	\$1,633,450	\$3,171,611	\$3,264,027	\$92,416	2.91%
General Fund	259,598	262,284	278,173	279,307	521,882	557,480	35,598	6.82%
State Special	618,326	774,015	683,596	685,338	1,392,341	1,368,934	(23,407)	(1.68%)
Federal Special	531,654	577,895	580,398	580,288	1,109,549	1,160,686	51,137	4.61%
Other	56,725	91,114	88,410	88,517	147,839	176,927	29,088	19.68%
Total Funds	\$1,466,303	\$1,705,308	\$1,630,577	\$1,633,450	\$3,171,611	\$3,264,027	\$92,416	2.91%

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.

The HB 2 Portion of the program provides general administration for the agency as well as administrative and support for the Legal and Hearings bureaus, which are also funded through proprietary programs.

Program Highlights

Commissioners Office / Central Services Division	
Major Budget Highlights	
◆	The HB 2 portion of the budget increases by 2.9% due to statewide present law adjustments and increased indirect costs
◆	The centralized services portion is funded with non-budget proprietary funds

Program Narrative

The budget for the Commissioner's Office/Centralized Services Division increases by 2.9%, or a total of \$0.1 million as compared to the 2011 biennium. In addition to statewide present law adjustments, the legislature approved one other present law adjustment to provide for an indirect rate adjustment.

Appropriations in HB 2 are about 21% of the total for the division, while the remainder are proprietary funds that do not require an appropriation in HB 2. Proprietary rates approved by the legislature are discussed in the "Proprietary Rates" section.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Commissioner'S Office/Csd						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 259,598	17.7%	\$ 278,173	17.1%	\$ 279,307	17.1%
01100 General Fund	259,598	17.7%	278,173	17.1%	279,307	17.1%
02000 Total State Special Funds	618,326	42.2%	683,596	41.9%	685,338	42.0%
02258 Employment Security Account	318,022	21.7%	332,507	20.4%	333,484	20.4%
02315 Dli Info Exchange/Rental	477	0.0%	24,724	1.5%	24,496	1.5%
02455 Workers' Comp Regulation	227,690	15.5%	250,955	15.4%	251,910	15.4%
02941 Uninsured Employer Fund	72,137	4.9%	75,410	4.6%	75,448	4.6%
03000 Total Federal Special Funds	531,654	36.3%	580,398	35.6%	580,288	35.5%
03122 Eeoc	41,074	2.8%	69,781	4.3%	69,715	4.3%
03954 Ui Administrative Grants	490,580	33.5%	510,617	31.3%	510,573	31.3%
06000 Total Proprietary Funds	56,725	3.9%	88,410	5.4%	88,517	5.4%
06546 Commissioner'S Office/Csd	56,725	3.9%	88,410	5.4%	88,517	5.4%
Grand Total	<u>\$ 1,466,303</u>	<u>100.0%</u>	<u>\$ 1,630,577</u>	<u>100.0%</u>	<u>\$ 1,633,450</u>	<u>100.0%</u>

State special revenue is the majority funding source and includes revenues derived from the administrative portion of the unemployment insurance tax deposited to the employment 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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	259,598	259,598	519,196	93.13%	1,466,303	1,466,303	2,932,606	89.85%
Statewide PL Adjustments	12,190	13,348	25,538	4.58%	120,451	123,481	243,932	7.47%
Other PL Adjustments	6,385	6,361	12,746	2.29%	43,823	43,666	87,489	2.68%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$278,173	\$279,307	\$557,480		\$1,630,577	\$1,633,450	\$3,264,027	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					162,171					165,008
Vacancy Savings					(51,042)					(51,159)
Inflation/Deflation					(256)					(242)
Fixed Costs					9,578					9,874
Total Statewide Present Law Adjustments		\$12,190	\$41,097	\$35,732	\$120,451*		\$13,348	\$42,912	\$35,678	\$123,481*
DP 301 - CSD Indirect Rate Adjustment	0.00	6,385	24,173	13,012	43,823*	0.00	6,361	24,100	12,956	43,666*
Total Other Present Law Adjustments	0.00	\$6,385	\$24,173	\$13,012	\$43,823*	0.00	\$6,361	\$24,100	\$12,956	\$43,666*
Grand Total All Present Law Adjustments	0.00	\$18,575	\$65,270	\$48,744	\$164,274*	0.00	\$19,709	\$67,012	\$48,634	\$167,147*

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

DP 301 - CSD Indirect Rate Adjustment - The legislature approved costs for the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates.

Proprietary Rates

Proprietary Program Description

Proprietary rates are charged by the Centralized Services Division for four different programs. These four programs are:

- Office of Information Technology (OIT)
- Cost allocation plan (CAP)
- Hearings Bureau
- Office of Legal Services

The OIT is charged with providing overall computer support and services to the department. This includes direct service to users and individual workstations, as well as overall support of the network and software support.

The CAP allows the department to provide for indirect support and managerial oversight of programs throughout the department through Centralized Services.

The Hearing Bureau holds administrative hearings on behalf of the Business Standards Licensing and Building Code bureaus.

The Office of Legal Services provides legal services to the Business Standards Division.

Proprietary Revenues and Expenses

The total budget for the 2013 biennium from proprietary funds is \$12.3 million. Of this budget \$8.6 million, or 69.9% is for personal services; \$3.7 million, or 29.6%, is for operating expenses; and less than \$0.1 million, or 0.5% is for equipment and intangible assets.

The OIT is authorized to charge two separate rates: a direct hourly rate for services actually provided, and a monthly

charge per active directory. The direct rate is calculated based on the projected direct cost of services for the 2013 biennium divided by the direct hours of service provided in the 2011 biennium. The monthly indirect rate is calculated based on the projected indirect cost of services for the 2013 biennium divided by the active directory counts for the Department divided by 12 months. These revenues are used to cover the costs of personal services and equipment costs associated with the technology in use. Total budgeted revenues for the 2013 biennium are \$3.7 million.

The CAP allows the department to charge an indirect rate against all sources of revenue and must be approved by the U.S. Department of Labor, which has requirements including a working capital of no more than 60 days. The rate, which is assessed to personal service expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures. Funds raised in this way cover the personal services and operating expenses associated with general management of the department.

The Hearings Bureau rate per hour is calculated based on the projected cost of services for the 2013 biennium divided by the direct hours of service provided in the 2011 biennium. Rates are established for both administrative law judges and paralegal services.

The Office of Legal Services rate per hour is calculated on projected costs of services for the 2013 biennium divided by the direct hours of service provided in the 2011 biennium.

Proprietary Rate Explanation

The legislature approved the following rates for the 2013 biennium, as can be seen in Section R of HB 2:

OIT: The direct rate is \$42 per direct hour of service and the indirect rate is \$161 a month per active directory.

CAP: The rate approved for the 2013 biennium is 8.24% for FY 2012 and 8.26% for FY 2013.

Hearings Bureau: The administrative law judge rate is \$90 per hour, and the paralegal rate is \$50 per hour.

Office of Legal Services: The rate for the 2013 biennium is \$95 per hour.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	129.10	129.10	130.60	130.60	129.10	130.60	1.50	1.16%
Personal Services	7,594,217	7,567,066	7,885,934	7,884,282	15,161,283	15,770,216	608,933	4.02%
Operating Expenses	4,226,224	4,188,926	4,830,423	4,816,985	8,415,150	9,647,408	1,232,258	14.64%
Equipment & Intangible Assets	0	64,878	0	0	64,878	0	(64,878)	(100.00%)
Benefits & Claims	103,300	126,085	74,840	74,840	229,385	149,680	(79,705)	(34.75%)
Total Costs	\$11,923,741	\$11,946,955	\$12,791,197	\$12,776,107	\$23,870,696	\$25,567,304	\$1,696,608	7.11%
General Fund	1,162,774	1,176,035	1,074,228	1,080,436	2,338,809	2,154,664	(184,145)	(7.87%)
State Special	10,049,157	10,099,448	11,003,835	10,978,490	20,148,605	21,982,325	1,833,720	9.10%
Federal Special	711,810	662,307	713,134	717,181	1,374,117	1,430,315	56,198	4.09%
Other	0	9,165	0	0	9,165	0	(9,165)	(100.00%)
Total Funds	\$11,923,741	\$11,946,955	\$12,791,197	\$12,776,107	\$23,870,696	\$25,567,304	\$1,696,608	7.11%

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) 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 Major Budget Highlights	
◆	Funding for the division increases 7.1% or \$1.7 million between the two biennia due to: <ul style="list-style-type: none"> • Statewide present law adjustments • Funding for a web based tool for use by providers and insurers in accessing treatment guidelines • Appropriations totaling almost \$0.9 million for the implementation of HB 334 to revise workers' compensation

Program Narrative

The budget for the Employment Relations Division increases by 7.1%, or a total of \$1.7 million as compared to the 2011 biennium. General fund appropriations are reduced by 7.9% due to a funding switch utilizing the workers comp regulation account and a reduction in total benefits payable to remaining beneficiaries of the Silicosis Benefits program.

A statewide present law adjustment and an increase for the management of a web-based tool for accessing workers' compensation utilization and treatment guidelines are the major reasons for a funding increase, along with an indirect rate increase and an operating increase.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000 Total General Fund	\$ 1,162,774	9.8%	\$ 1,074,228	8.4%	\$ 1,080,436	8.5%
01100 General Fund	1,162,774	9.8%	1,074,228	8.4%	1,080,436	8.5%
02000 Total State Special Funds	10,049,157	84.3%	11,003,835	86.0%	10,978,490	85.9%
02258 Employment Security Account	1,464,855	12.3%	1,474,982	11.5%	1,482,034	11.6%
02263 Subsequent Injury Admin	57,889	0.5%	58,299	0.5%	58,359	0.5%
02346 Contractor Registration	1,311,201	11.0%	1,317,053	10.3%	1,324,653	10.4%
02455 Workers' Comp Regulation	6,273,637	52.6%	7,169,791	56.1%	7,148,590	56.0%
02941 Uninsured Employer Fund	941,575	7.9%	983,710	7.7%	964,854	7.6%
03000 Total Federal Special Funds	711,810	6.0%	713,134	5.6%	717,181	5.6%
03122 Eeoc	100,071	0.8%	99,512	0.8%	99,375	0.8%
03130 Coal Mine Safety	150,234	1.3%	149,777	1.2%	151,783	1.2%
03195 On-Site Consultation	461,505	3.9%	463,845	3.6%	466,023	3.6%
06000 Total Proprietary Funds	-	-	-	-	-	-
06040 Subsequent Injury-Trust Fund	-	-	-	-	-	-
Grand Total	<u>\$ 11,923,741</u>	<u>100.0%</u>	<u>\$ 12,791,197</u>	<u>100.0%</u>	<u>\$ 12,776,107</u>	<u>100.0%</u>

The division is primarily funded with state special revenue funds 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 supports personal services and general operating expenses. The legislature approved a switch in funding for the WC Regulations Bureau and the WC Claims Assistance Bureau to the worker's comp regulation account from the general fund, resulting in the reduction from the 2011 biennium to the 2013 biennium. 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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,162,774	1,162,774	2,325,548	107.93%	11,923,741	11,923,741	23,847,482	93.27%
Statewide PL Adjustments	8,262	14,674	22,936	1.06%	249,276	256,037	505,313	1.98%
Other PL Adjustments	9,491	9,274	18,765	0.87%	206,867	219,478	426,345	1.67%
New Proposals	(106,299)	(106,286)	(212,585)	(9.87%)	411,313	376,851	788,164	3.08%
Total Budget	\$1,074,228	\$1,080,436	\$2,154,664		\$12,791,197	\$12,776,107	\$25,567,304	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					526,481					524,929
Vacancy Savings					(324,540)					(324,482)
Inflation/Deflation					(40,909)					(40,096)
Fixed Costs					88,244					95,686
Total Statewide Present Law Adjustments		\$8,262	\$243,210	(\$2,196)	\$249,276		\$14,674	\$240,705	\$658	\$256,037
DP 401 - ERD indirect rate adjustment	0.00	9,491	65,928	3,235	78,654	0.00	9,274	63,102	2,920	75,296
DP 402 - Utilization and Treatment Guidelines	0.00	0	131,000	0	131,000	0.00	0	131,000	0	131,000
DP 404 - ERD General Operating Increase	0.00	0	2,731	285	3,016	0.00	0	17,192	1,793	18,985
DP 405 - Motor Pool Reduction	0.00	0	(5,803)	0	(5,803)	0.00	0	(5,803)	0	(5,803)
Total Other Present Law Adjustments	0.00	\$9,491	\$193,856	\$3,520	\$206,867	0.00	\$9,274	\$205,491	\$4,713	\$219,478
Grand Total All Present Law Adjustments	0.00	\$17,753	\$437,066	\$1,324	\$456,143	0.00	\$23,948	\$446,196	\$5,371	\$475,515

DP 401 - ERD indirect rate adjustment - The legislature approved funding for cost adjustments due to the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates. The CAP adjustment is \$176,402 for the biennium and the OIT adjustment is \$22,452 for the biennium.

DP 402 - Utilization and Treatment Guidelines - The legislature approved funding for a contract to maintain a web-based tool for accessing workers' compensation utilization and treatment guidelines.

DP 404 - ERD General Operating Increase - The legislature approved funding for a rent increase.

DP 405 - Motor Pool Reduction - The legislature approved a reduction in motor pool costs for one vehicle that was returned in FY 2010.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 78499 - Fund programs with SSR (02455)	04	0.00	(74,840)	74,840	0	0	0.00	(74,840)	74,840	0	0
DP 95105 - 5% Plan - Reduction of Silicosis Benefits	04	0.00	(28,460)	0	0	(28,460)	0.00	(28,460)	0	0	(28,460)
DP 97100 - Reduction in Worker's Compensation Costs	04	0.00	(2,999)	0	0	(2,999)	0.00	(2,986)	0	0	(2,986)
DP 97102 - HB 334 - Revise Workers' Compensation	04	1.50	0	442,772	0	442,772	1.50	0	408,297	0	408,297
Total	1.50	(\$106,299)	\$517,612	\$0	\$411,313	1.50	(\$106,286)	\$483,137	\$0	\$376,851	

DP 78499 - Fund programs with SSR (02455) - The legislature approved a funding switch for the WC Regulations Bureau and the WC Claims Assistance Bureau to the worker's comp regulation account , resulting in a savings to the general fund of \$149,680 for the biennium.

DP 95105 - 5% Plan - Reduction of Silicosis Benefits - The legislature has reduced funding for the Silicosis Benefits program by \$56,920 in general fund over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 97100 - Reduction in Worker's Compensation Costs - The legislature reduced general fund support for worker's compensation costs based upon the anticipated impact of HB 334. The agency may allocate this reduction in funding among programs.

DP 97102 - HB 334 - Revise Workers' Compensation - The legislature approved an appropriation for the implementation of the changes made to the workers' compensation laws in HB 334.

Funding included provides for:

- A half-time medical director to conduct an independent medical review process and make an assessment of utilization and treatment guidelines, and to preside over a medical review panel charged with evaluating re-opening petitions for previously closed cases
- A full-time compliance technician
- Creating and distributing a paper and electronic version of a medical status form for health care providers
- Development of web-based utilization and treatment guidelines, searchable by medical providers

Proprietary Rates

Proprietary Program Description

The Employment Relations Division provides for the Subsequent Injury Fund with proprietary funds.

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

Proprietary Revenues and Expenses

The expenses of the program consist of the administration costs and benefits for qualified workers.

The program is funded through an annual assessment on Plan 1 (Self Funded) workers compensation employers and a surcharge on premium for Plan 2 (Private sector), and Plan 3 (State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-905, MCA).

Proprietary Rate Explanation

The Subsequent Injury fund rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding calendar year. Because the rate is based upon the previous calendar year's experience, future rates beyond one year are unknown.

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

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	150.04	150.04	151.04	151.04	150.04	151.04	1.00	0.67%
Personal Services	8,009,302	8,281,605	8,606,568	8,602,808	16,290,907	17,209,376	918,469	5.64%
Operating Expenses	5,625,658	5,922,870	6,251,027	6,306,889	11,548,528	12,557,916	1,009,388	8.74%
Equipment & Intangible Assets	223,973	350,866	223,973	223,973	574,839	447,946	(126,893)	(22.07%)
Grants	15,136	11,881	15,136	15,136	27,017	30,272	3,255	12.05%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$13,874,069	\$14,567,222	\$15,096,704	\$15,148,806	\$28,441,291	\$30,245,510	\$1,804,219	6.34%
State Special	13,861,604	14,567,222	15,084,031	15,136,137	28,428,826	30,220,168	1,791,342	6.30%
Federal Special	12,465	0	12,673	12,669	12,465	25,342	12,877	103.31%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$13,874,069	\$14,567,222	\$15,096,704	\$15,148,806	\$28,441,291	\$30,245,510	\$1,804,219	6.34%

Program Description

The Business Standards Division consists of four bureaus:

- Building Codes which 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 assists the Board of Plumbers and State Electrical Board with license 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.
- Weights & Measures which 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, the quality control of 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.
- Health Care Licensing (HCLB) which provides administrative, clerical, and compliance support for 22 licensing boards and a program that licenses professionals and individuals working in the health care field. The licensing boards and program in this bureau include 130 board members and eight advisory council members appointed by the Governor.
- Business & Occupational Licensing (BOLB) which provides administrative, clerical, and compliance support for 11 licensing boards and a licensing program that license professionals and individuals working in non-health care related professions and occupations. The licensing boards in this bureau include 78 board members appointed by the Governor.

Program Highlights

Business Standards Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Funding for the division increases 6.3% (\$1.8 million) between the two biennia due to: <ul style="list-style-type: none"> • Increases in state special revenue for statewide present law adjustments • Indirect cost rate increase • Appropriations of \$0.4 million for the implementation of two bills passed by the legislature

Program Narrative

The budget for the Business Standards Division increases by 6.3%, or a total of \$1.8 million as compared to the 2011 biennium. The largest component of the increase is due to a statewide present law adjustment of \$1.2 million. An indirect rate adjustment also increased the budget by \$0.4 million, while a variety of other smaller increases contribute almost \$0.6 million to the budget.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Business Standards Division						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	\$ 13,861,604	99.9%	\$ 15,084,031	99.9%	\$ 15,136,137	99.9%
02024 Blaster Licensing	3,078	0.0%	2,980	0.0%	3,085	0.0%
02078 Occupational Therapists	33,014	0.2%	33,725	0.2%	33,749	0.2%
02079 Fire Protection & Permitting	26,759	0.2%	61,324	0.4%	61,480	0.4%
02109 Board Of Outfitters	646,967	4.7%	643,473	4.3%	643,785	4.2%
02155 Boiler,Blaster,Crane Licensing	417,201	3.0%	574,163	3.8%	576,276	3.8%
02160 Legal Contingency Fund	-	-	-	-	-	-
02207 Crane Licensing	68,330	0.5%	99,563	0.7%	99,843	0.7%
02359 Chemical Dependency Counselors	70,382	0.5%	72,168	0.5%	72,221	0.5%
02446 Board Of Psychologist Exam	78,158	0.6%	79,498	0.5%	79,544	0.5%
02448 Building Codes State Spec Rev	4,065,267	29.3%	4,314,927	28.6%	4,309,667	28.4%
02580 Bd Of Athletic Trainers	10,917	0.1%	15,127	0.1%	18,583	0.1%
02679 Massage Therapists	62,042	0.4%	74,973	0.5%	75,024	0.5%
02764 Bd Of Adolescent Res. Or Outdr Pgr	85,125	0.6%	88,381	0.6%	88,443	0.6%
02767 Elevators	187,295	1.3%	202,057	1.3%	204,754	1.4%
02805 Weights & Measures Bureau	999,936	7.2%	1,036,080	6.9%	1,038,249	6.9%
02808 Board Of Landscape Architects	30,976	0.2%	31,493	0.2%	31,509	0.2%
02809 Board Of Speech Pathologists	45,945	0.3%	47,416	0.3%	47,449	0.3%
02810 Bd Of Radiologic Technologists	89,504	0.6%	92,526	0.6%	92,583	0.6%
02811 Clinical Lab Science Pract.	57,169	0.4%	59,869	0.4%	59,905	0.4%
02812 Physical Therapists	91,137	0.7%	94,203	0.6%	94,260	0.6%
02813 Bd Of Nursing Home Admin	46,423	0.3%	47,741	0.3%	47,776	0.3%
02814 Bd Of Hearing Aid Dispensers	43,880	0.3%	44,855	0.3%	44,884	0.3%
02815 Board Of Public Accountants	358,923	2.6%	370,984	2.5%	371,278	2.5%
02816 Board Of Sanitarians	24,423	0.2%	24,631	0.2%	24,642	0.2%
02818 Electrical Board	348,623	2.5%	354,819	2.4%	351,969	2.3%
02819 Board Of Realty Regulations	785,752	5.7%	801,717	5.3%	802,054	5.3%
02820 Board Of Architects	92,757	0.7%	95,389	0.6%	95,427	0.6%
02821 Board Of Funeral Service	92,692	0.7%	93,423	0.6%	93,470	0.6%
02822 Board Of Chiropractors	95,925	0.7%	98,547	0.7%	98,614	0.7%
02823 Professional Engineers	360,884	2.6%	378,239	2.5%	378,402	2.5%
02824 Board Of Medical Examiners	1,071,086	7.7%	1,355,149	9.0%	1,353,248	8.9%
02826 Cosmetology Board	599,282	4.3%	613,421	4.1%	613,689	4.1%
02828 Board Of Plumbers	281,080	2.0%	281,505	1.9%	281,628	1.9%
02829 Private Investigator	238,425	1.7%	243,806	1.6%	242,425	1.6%
02830 Board Of Dentistry	230,319	1.7%	236,391	1.6%	236,533	1.6%
02831 Board Of Optometrists	27,117	0.2%	26,507	0.2%	26,524	0.2%
02832 Board Of Pharmacy	640,089	4.6%	867,721	5.7%	838,460	5.5%
02833 Board Of Nursing	853,414	6.2%	907,804	6.0%	986,840	6.5%
02834 Board Of Veterinarians	96,751	0.7%	103,971	0.7%	104,133	0.7%
02840 Board Of Social Workers	187,689	1.4%	191,630	1.3%	191,733	1.3%
02852 Bd. Of Alternative Health Care	63,050	0.5%	63,244	0.4%	63,277	0.4%
02854 Bd. Of Real Estate Appraisers	222,339	1.6%	225,409	1.5%	225,517	1.5%
02855 Bd Of Respiratory Care	31,479	0.2%	33,182	0.2%	33,205	0.2%
03000 Total Federal Special Funds	12,465	0.1%	12,673	0.1%	12,669	0.1%
03293 Country Of Origin Labeling	12,465	0.1%	12,673	0.1%	12,669	0.1%
06000 Total Proprietary Funds	-	-	-	-	-	-
06552 Admin Services	-	-	-	-	-	-
Grand Total	<u>\$ 13,874,069</u>	<u>100.0%</u>	<u>\$ 15,096,704</u>	<u>100.0%</u>	<u>\$ 15,148,806</u>	<u>100.0%</u>

The Business Standards Division is funded almost 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 to the accounts and administrative and operational expenses of the division are charged directly to the funds. A small amount of federal funds from a Country of Origin Labeling grant also supports the program.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	13,874,069	13,874,069	27,748,138	91.74%
Statewide PL Adjustments	0	0	0	0.00%	586,794	595,785	1,182,579	3.91%
Other PL Adjustments	0	0	0	0.00%	440,734	513,114	953,848	3.15%
New Proposals	0	0	0	0.00%	195,107	165,838	360,945	1.19%
Total Budget	\$0	\$0	\$0		\$15,096,704	\$15,148,806	\$30,245,510	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					893,046					889,250
Vacancy Savings					(351,856)					(351,716)
Inflation/Deflation					17,974					26,042
Fixed Costs					27,630					32,209
Total Statewide Present Law Adjustments		\$0	\$586,746	\$48	\$586,794		\$0	\$595,737	\$48	\$595,785
DP 501 - BSD Indirect Rate Adjustment	0.00	0	204,997	160	205,157	0.00	0	201,203	156	201,359
DP 503 - BSD General Operating Increase	0.00	0	48,192	0	48,192	0.00	0	120,147	0	120,147
DP 504 - BSD Consulting Increase	0.00	0	97,824	0	97,824	0.00	0	102,047	0	102,047
DP 505 - BSD Data Base Maintenance	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 506 - BSD Motorpool Reduction	0.00	0	(10,439)	0	(10,439)	0.00	0	(10,439)	0	(10,439)
Total Other Present Law Adjustments	0.00	\$0	\$440,574	\$160	\$440,734	0.00	\$0	\$512,958	\$156	\$513,114
Grand Total All Present Law Adjustments	0.00	\$0	\$1,027,320	\$208	\$1,027,528	0.00	\$0	\$1,108,695	\$204	\$1,108,899

DP 501 - BSD Indirect Rate Adjustment - The legislature approved funding to support an anticipated increase due to the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates. This increase is allocated among the state special revenue funds supporting the various licensing boards.

DP 503 - BSD General Operating Increase - The legislature approved state special revenue funding for operating increases.

DP 504 - BSD Consulting Increase - The legislature approved state special revenue for increases in consultant and professional services for the licensing boards.

DP 505 - BSD Data Base Maintenance - The legislature approved funding for the maintenance contract for the new Accela database system purchased in FY 2010. Total obligation for this contract is \$500,000 per year, of which \$400,000 is included in the FY 2010 base budget.

DP 506 - BSD Motorpool Reduction - The legislature approved a reduction in motor pool costs to reflect the return of one vehicle in FY 2011.

New Proposals

New Proposals											
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 807 - HB 83 Create Prescription Drug Registry											
05	1.00	0	145,107	0	145,107	1.00	0	115,838	0	115,838	
DP 808 - SB 423 Medical Marijuana											
05	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000	
Total	1.00	\$0	\$195,107	\$0	\$195,107	1.00	\$0	\$165,838	\$0	\$165,838	

DP 807 - HB 83 Create Prescription Drug Registry - The legislature approved an appropriation for the implementation of HB 83 to create a prescription drug registry.

DP 808 - SB 423 Medical Marijuana - The legislature approved funding for the implementation of SB 423, related to the monitoring and control of medical marijuana by the board of medical examiners.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	257,803	239,645	267,217	266,554	497,448	533,771	36,323	7.30%
Operating Expenses	217,616	258,894	233,176	233,329	476,510	466,505	(10,005)	(2.10%)
Grants	2,444,100	2,155,787	2,444,100	2,444,100	4,599,887	4,888,200	288,313	6.27%
Transfers	80,040	275,274	80,040	80,040	355,314	160,080	(195,234)	(54.95%)
Total Costs	\$2,999,559	\$2,929,600	\$3,024,533	\$3,024,023	\$5,929,159	\$6,048,556	\$119,397	2.01%
General Fund	122,920	123,933	123,663	123,922	246,853	247,585	732	0.30%
State Special	39,070	39,370	39,414	39,389	78,440	78,803	363	0.46%
Federal Special	2,837,569	2,766,297	2,861,456	2,860,712	5,603,866	5,722,168	118,302	2.11%
Total Funds	\$2,999,559	\$2,929,600	\$3,024,533	\$3,024,023	\$5,929,159	\$6,048,556	\$119,397	2.01%

Program Description

The Office of Community Services provides administration for the Corporation for National and Community Service AmeriCorps State programs, community service, and volunteer efforts statewide. The office was created by the 1993 Legislature, at the request of the Governor, to engage citizens in service and support volunteer opportunities focused on critical community needs. The office works with the Montana Commission on Community Service to promote civic engagement, particularly among youth and older Montanans.

Program Highlights

Office of Community Service Major Budget Highlights	
◆	The increase of just over 2.0% is due entirely to statewide present law adjustments

Program Narrative

The budget for the Office of Community Services increases by 2.0%, or a total of \$0.1 million as compared to the 2011 biennium. The only adjustment to this budget was a statewide present law adjustment totaling less than \$50,000.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000 Total General Fund	\$ 122,920	4.1%	\$ 123,663	4.1%	\$ 123,922	4.1%
01100 General Fund	122,920	4.1%	123,663	4.1%	123,922	4.1%
02000 Total State Special Funds	39,070	1.3%	39,414	1.3%	39,389	1.3%
02190 Ocs Cbi Training	39,070	1.3%	39,414	1.3%	39,389	1.3%
02296 Mt Community Service Ssr	-	-	-	-	-	-
03000 Total Federal Special Funds	2,837,569	94.6%	2,861,456	94.6%	2,860,712	94.6%
03322 Mt Community Service Fsr	2,837,569	94.6%	2,861,456	94.6%	2,860,712	94.6%
Grand Total	\$ 2,999,559	100.0%	\$ 3,024,533	100.0%	\$ 3,024,023	100.0%

The major funding source for this program is federal revenue. General fund and state special revenue fund most of the administrative expenses for the program, with federal revenue providing the remainder, including the funding for 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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	122,920	122,920	245,840	99.30%	2,999,559	2,999,559	5,999,118	99.18%
Statewide PL Adjustments	743	1,002	1,745	0.70%	24,974	24,464	49,438	0.82%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$123,663	\$123,922	\$247,585		\$3,024,533	\$3,024,023	\$6,048,556	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted 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.

	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					20,514					19,823
Vacancy Savings					(11,100)					(11,072)
Inflation/Deflation					(406)					(397)
Fixed Costs					15,966					16,110
Total Statewide Present Law Adjustments		\$743	\$344	\$23,887	\$24,974		\$1,002	\$319	\$23,143	\$24,464
Grand Total All Present Law Adjustments	0.00	\$743	\$344	\$23,887	\$24,974	0.00	\$1,002	\$319	\$23,143	\$24,464

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95104 - 5% Plan - General Operating Expense Reduction											
07	0.00	(6,146)	0	(6,146)	(12,292)	0.00	(6,146)	0	(6,146)	(12,292)	
DP 96104 - Restore 5% - matching funds for Federal Spec. Rev											
07	0.00	6,146	0	6,146	12,292	0.00	6,146	0	6,146	12,292	
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0	

DP 95104 - 5% Plan - General Operating Expense Reduction - The legislature reduced funding for general operations of the Office of Community Services by \$12,292 over the biennium from general fund, which has a matching funds impact on federal special revenue funds. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was reversed in DP 96104.

DP 96104 - Restore 5% - matching funds for Federal Spec. Rev - The legislature reversed DP 95104 by restoring general fund and federal fund authority.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	474,733	473,287	502,220	501,162	948,020	1,003,382	55,362	5.84%
Operating Expenses	165,079	192,141	169,602	171,127	357,220	340,729	(16,491)	(4.62%)
Total Costs	\$639,812	\$665,428	\$671,822	\$672,289	\$1,305,240	\$1,344,111	\$38,871	2.98%
State Special	639,812	665,428	671,822	672,289	1,305,240	1,344,111	38,871	2.98%
Total Funds	\$639,812	\$665,428	\$671,822	\$672,289	\$1,305,240	\$1,344,111	\$38,871	2.98%

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 Major Budget Highlights	
◆	The increase of almost 3.0% is due to statewide present law adjustments and a small operating increase

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table Workers Compensation Court							
Program Funding		Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000	Total State Special Funds	\$ 639,812	100.0%	\$ 671,822	100.0%	\$ 672,289	100.0%
	02455 Workers' Comp Regulation	<u>639,812</u>	<u>100.0%</u>	<u>671,822</u>	<u>100.0%</u>	<u>672,289</u>	<u>100.0%</u>
Grand	Total	<u>\$ 639,812</u>	<u>100.0%</u>	<u>\$ 671,822</u>	<u>100.0%</u>	<u>\$ 672,289</u>	<u>100.0%</u>

The court is entirely funded with 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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	639,812	639,812	1,279,624	95.20%
Statewide PL Adjustments	0	0	0	0.00%	28,602	27,677	56,279	4.19%
Other PL Adjustments	0	0	0	0.00%	3,408	4,800	8,208	0.61%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$671,822	\$672,289	\$1,344,111	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					48,413					47,311
Vacancy Savings					(20,926)					(20,882)
Inflation/Deflation					(175)					(100)
Fixed Costs					1,290					1,348
Total Statewide Present Law Adjustments		\$0	\$28,602	\$0	\$28,602		\$0	\$27,677	\$0	\$27,677
DP 902 - WCC General Operating Increase	0.00	0	3,408	0	3,408	0.00	0	4,800	0	4,800
Total Other Present Law Adjustments	0.00	\$0	\$3,408	\$0	\$3,408	0.00	\$0	\$4,800	\$0	\$4,800
Grand Total All Present Law Adjustments	0.00	\$0	\$32,010	\$0	\$32,010	0.00	\$0	\$32,477	\$0	\$32,477

DP 902 - WCC General Operating Increase - The legislature approved state special revenue for an off-campus rent increase.