



## Economic Affairs Interim Committee

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### 63rd Montana Legislature

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PATRICIA MURDO, Lead Staff  
BART CAMPBELL, Staff Attorney  
PAMELA ROSSI, Secretary

Aug. 7, 2013

### Memo

To: Economic Affairs Committee Members  
From: Pat Murdo, Committee Staff  
Re: Department of Labor and Industry Monitoring at August 2013 Meeting

As part of its interim committee duties, the Economic Affairs Committee will hear from each of the agencies assigned to the Committee under 5-5-223, MCA. At the August 2013 meeting the Department of Labor and Industry is featured. The attached information may be helpful preparation for the presentation by the Department of Labor and Industry's Commissioner Pam Bucy. (A side note: unlike most other department heads, Ms. Bucy gets the title of Commissioner because under the Montana Constitution, Article XII, Section 2, "(1) The legislature shall provide for a Department of Labor and Industry, headed by a Commissioner appointed by the governor and confirmed by the senate." This is one of only two departments mentioned by name in the state constitution under the heading of Departments and Institutions. The other is Agriculture.)

Attached background information on the Department of Labor and Industry includes:

- an organizational chart from the Department's website;
- the 2015 Biennium Fiscal Report from the Legislative Fiscal Division for the Department as a whole (pp. A-206 through A-212) and specifically for the Business Standards Division (pp. A-235 through A-239); and
- a report on the budgeting for the Business Standards Division, which includes the Weights and Measures Bureau discussed in the August meeting and the three bureaus that handle the occupational and professional licensing boards.



[Home](#) » [About DLI](#) » [Organization Chart](#)

## Organization Chart



**Commissioner  
Pam Bucy**

### Administratively Attached

[Workers' Compensation Court](#)

Judge Jim Shea  
(406)444-7794

[Office of Community Service](#)

Tony Dean, Interim Executive Director  
(406)444-1809

<p><b>Commissioner's Office</b> Deputy Commissioner Dore Schwinden (406)444-1785</p> <hr/> <p>Communications Director Casey Kyler-West (406)444-1520</p> <hr/> <p>Office of Legal Services Chief Legal Counsel Judy Bovington (406)444-3255</p> <hr/> <p>Office of Human Resources Rende Mackay (406)444-4534</p> <hr/> <p><u><a href="#">Office of Information Technology</a></u> George Parisot (406)444-4658</p> <p>Judy Kelly (406)444-1870</p> <hr/> <p><u><a href="#">State Workforce Investment Board (SWIB)</a></u> State Board Director Leisa Smith (406)444-1609</p> <p>Program Manager Vacant</p> <hr/>	<p><u><a href="#">Centralized Services Division</a></u> <b>Kim Moog</b> (406)444-5628</p> <hr/> <p><u><a href="#">Fiscal Support Bureau</a></u> Natalie Smitham 444-9584</p> <hr/> <p><u><a href="#">Hearings Bureau</a></u> David Scrimm (406)444-4662</p>	<p><u><a href="#">Workforce Services Division</a></u> <b>Mike Cooney</b> (406)444-2648</p> <hr/> <p>21st Century Workforce Technology, Apprenticeship &amp; Training Bureau Acting Bureau Chief Adam de Yong (406)444-3478</p> <hr/> <p>Job Service Operations Bureau Tiffany David (406)444-2416</p> <hr/> <p>Statewide Workforce Programs and Oversight Bureau Gary Wright (406)444-5604</p> <hr/> <p><u><a href="#">Research &amp; Analysis Bureau</a></u> Todd Younkin (406)444-2430</p>	<p><u><a href="#">Unemployment Insurance Division</a></u> <b>Roy Mulvaney</b> (406)444-2749</p> <hr/> <p>UI Claims Processing Bureau Shirley Rush (406)444-0888</p> <hr/> <p>UI Program Support Bureau Nancy Jones (406)444-4371</p> <hr/> <p><u><a href="#">UI Contributions Bureau</a></u> Sandy Bay (406)444-3302</p>	<p><u><a href="#">Employment Relations Division</a></u> <b>Diana Ferriter</b> (406)444-1574</p> <hr/> <p><u><a href="#">Human Rights Bureau</a></u> Marieke Beck (406)444-4356</p> <hr/> <p><u><a href="#">Labor Standards Bureau</a></u> Pam McDaniel (406)444-4663</p> <hr/> <p><u><a href="#">Management Services Bureau</a></u> Kim Warren (406)444-9721</p>	<p><u><a href="#">Business Standards Division</a></u> <b>Adam de Yong</b> Acting Administrator (406)841-2243</p> <hr/> <p><u><a href="#">Building Codes Bureau</a></u> Dave Cook (406)841-2053</p> <hr/> <p><u><a href="#">Weights and Measures Bureau</a></u> Tim Lloyd (406)841-2058</p> <hr/> <p><u><a href="#">Licensing</a></u> Jeannie Worsech (406)841-2302</p>
				<p><u><a href="#">Safety &amp; Health Bureau</a></u> Bryan Page (406)444-1605</p> <hr/> <p><u><a href="#">Workers' Compensation Claims Assistance Bureau</a></u> Bill Wheeler (406)444-6541</p> <hr/> <p><u><a href="#">Workers' Compensation Regulations Bureau</a></u> Peter Van Nice (406)444-0566</p>	<p><u><a href="#">Board Management</a></u> Maggie Connor (406)841-2303</p> <hr/> <p>Operations Bureau Galen Hollenbaugh (406)821-2046</p>

**Administratively Attached Boards, Programs & Commissions**

<b>Human Rights Commission</b>	<b>Board of Labor Appeals</b>	<b>Board of Personnel Appeals</b>
<b><u>Board of Alternative Health Care</u></b>	<b><u>Board of Architects and Landscape Architects</u></b>	<b><u>Athletics Program</u></b>
<b><u>Board of Athletic Trainers</u></b>	<b><u>Montana Boiler Operator Program</u></b>	<b><u>Board of Chiropractors</u></b>
<b><u>Board of Clinical Laboratory Science Practitioners</u></b>	<b><u>Montana Construction Blasters Program</u></b>	<b><u>Board of Barbers and Cosmetologists</u></b>
<b><u>Montana Crane/Hoisting Operator Program</u></b>	<b><u>Board of Dentistry</u></b>	<b><u>Electrical Board</u></b>
<b><u>Montana Elevator Contractors, Mechanics, and Inspectors Licensing Program</u></b>	<b><u>Montana Fire Prevention Licensure Program</u></b>	<b><u>Board of Funeral Service</u></b>
<b><u>Board of Hearing Aid Dispensers</u></b>	<b><u>Board of Licensed Addiction Counselors</u></b>	<b><u>Board of Massage Therapy</u></b>
<b><u>Board of Medical Examiners</u></b>	<b><u>Board of Nursing</u></b>	<b><u>Board of Nursing Home Administrators</u></b>
<b><u>Board of Occupational Therapists</u></b>	<b><u>Board of Optometry</u></b>	<b><u>Board of Outfitters</u></b>
<b><u>Pharmacy Board</u></b>	<b><u>Board of Physical Therapy Examiners</u></b>	<b><u>Board of Plumbers</u></b>
<b><u>Private Alternative Adolescent Residential or Outdoor Programs</u></b>	<b><u>Board of Private Security &amp; Investigations</u></b>	<b><u>Board Professional Engineers &amp; Land Surveyors</u></b>
<b><u>Board of Psychologists</u></b>	<b><u>Board of Public Accountants</u></b>	<b><u>Board of Radiologic Technologists</u></b>
<b><u>Board of Real Estate Appraisers</u></b>	<b><u>Board of Realty Regulation</u></b>	<b><u>Board of Respiratory Care Practitioners</u></b>
<b><u>Board of Sanitarians</u></b>	<b><u>Board of Social Workers &amp; Professional Counselors</u></b>	<b><u>Board of Speech-Language Pathologists and Audiologists</u></b>
<b><u>Board of Veterinary Medicine</u></b>		

Agency Authority and Descriptions

**For General Information on the Department of Labor call (406)444-2840 or**

**write to P.O. Box 1728 Helena MT 59624-1728 or email [dlipio@mt.gov](mailto:dlipio@mt.gov).**

**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 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	151.03	151.03	154.03	154.03	151.03	154.03	3.00	1.99%
Personal Services	8,523,619	8,602,808	9,321,848	9,332,952	17,126,427	18,654,800	1,528,373	8.92%
Operating Expenses	5,803,038	6,276,039	5,874,721	5,846,468	12,079,077	11,721,189	(357,888)	(2.96%)
Equipment & Intangible Assets	22,008	223,973	336,583	298,967	245,981	635,550	389,569	158.37%
Grants	8,582	15,136	8,582	8,582	23,718	17,164	(6,554)	(27.63%)
Transfers	33,455	30,850	33,455	33,455	64,305	66,910	2,605	4.05%
<b>Total Costs</b>	<b>\$14,390,702</b>	<b>\$15,148,806</b>	<b>\$15,575,189</b>	<b>\$15,520,424</b>	<b>\$29,539,508</b>	<b>\$31,095,613</b>	<b>\$1,556,105</b>	<b>5.27%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	14,388,649	15,136,137	15,575,189	15,520,424	29,524,786	31,095,613	1,570,827	5.32%
Federal Special	2,053	12,669	0	0	14,722	0	(14,722)	(100.00%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$14,390,702</b>	<b>\$15,148,806</b>	<b>\$15,575,189</b>	<b>\$15,520,424</b>	<b>\$29,539,508</b>	<b>\$31,095,613</b>	<b>\$1,556,105</b>	<b>5.27%</b>

**Program Description**

The Business Standards Division consists of four bureaus:

- Building Codes Bureau
- Weights & Measures Bureau
- Health Care Licensing Bureau (HCLB)
- Business & 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 & 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, 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.

The HCLB provides administrative, clerical, and compliance support for 22 licensing boards and one 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 council members appointed by the Governor.

The BOLB provides administrative, clerical, and compliance support for 11 licensing boards and one 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

<b>Business Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The majority of the budget changes in the division are due to personal services increases, including:               <ul style="list-style-type: none"> <li>• Fully funding positions that had experienced a vacancy rate in the base year above the 2015 biennium budgeted rate of 4%</li> <li>• Increases for broadband pay adjustments</li> </ul> </li> <li>◆ Equipment increases due to:               <ul style="list-style-type: none"> <li>• Reductions in spending in the FY 2012 base year</li> <li>• Funding to support the purchase of new metrology laboratory equipment used to inspect and test all commercial devices statewide</li> </ul> </li> </ul>

## Program Narrative

Personal services increases include adjustments for:

- Restoring vacancy savings, which were 9.7% in FY 2012 compared to a budgeted rate of 4%
- Longevity and broadband pay adjustments

Operating costs decrease mainly due to reductions in the costs of SITSD services for the division. Equipment increases due to:

- Reductions in spending in the FY 2012 base year
- Funding to support the purchase of new metrology laboratory equipment used to inspect and test all commercial devices statewide

The legislature approved HB 591, which increases the licensing fees for weighing devices. The fees are based on the weighing capacity of the devices, ranging from \$20 per device with a capacity of 490 pound or less to \$280 for devices with a capacity of 60,001. The fee increases support the purchase of the metrology laboratory equipment used to determine the accuracy of the weighing devices. The agency estimates that the changes will generate an additional \$122,000 annually.

The legislature also approved HB 363 allowing the Board of Realty to hire staff rather than use DOLI staff to provide administrative, clerical, and compliance support and HB 582 allowing the Board of Public Accountants the same. Both bills were vetoed by the Governor. The funding for the department administration of the two boards remained in HB 2 and thus the division has sufficient appropriation authority to continue to provide administration oversight.

## Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Labor & Industry Funding by Source of Authority 2015 Biennium Budget - Business Standards Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$31,095,613	\$0	\$448	\$31,096,061	100.0%		
02024 Blaster Licensing	\$22,185	\$0	\$0	\$22,185	0.1%		
02078 Occupational Therapists	\$93,416	\$0	\$0	\$93,416	0.3%		
02079 Fire Protection & Permitting	\$133,488	\$0	\$0	\$133,488	0.4%		
02080 Prescription Drug Registry	\$177,386	\$0	\$0	\$177,386	0.6%		
02082 Real Estate Recovery Account	\$0	\$0	\$448	\$448	0.0%		
02109 Board Of Outfitters	\$1,166,389	\$0	\$0	\$1,166,389	3.8%		
02155 Boiler,blaster,crane Licensing	\$820,217	\$0	\$0	\$820,217	2.6%		
02207 Crane Licensing	\$182,115	\$0	\$0	\$182,115	0.6%		
02359 Chemical Dependency Counselors	\$231,657	\$0	\$0	\$231,657	0.7%		
02446 Board Of Psychologist Exam	\$247,396	\$0	\$0	\$247,396	0.8%		
02448 Building Codes State Spec Rev	\$7,643,674	\$0	\$0	\$7,643,674	24.6%		
02580 Bd Of Athletic Trainers	\$48,400	\$0	\$0	\$48,400	0.2%		
02679 Massage Therapists	\$213,070	\$0	\$0	\$213,070	0.7%		
02764 Bd Of Adolescent Res. Or Outdr Pgms	\$125,753	\$0	\$0	\$125,753	0.4%		
02767 Elevators	\$751,550	\$0	\$0	\$751,550	2.4%		
02805 Weights & Measures Bureau	\$2,236,969	\$0	\$0	\$2,236,969	7.2%		
02808 Board Of Landscape Architects	\$62,996	\$0	\$0	\$62,996	0.2%		
02809 Board Of Speech Pathologists	\$124,050	\$0	\$0	\$124,050	0.4%		
02822 Board Of Chiropractors	\$255,304	\$0	\$0	\$255,304	0.8%		
02811 Clinical Lab Science Pract.	\$142,914	\$0	\$0	\$142,914	0.5%		
02812 Physical Therapists	\$235,031	\$0	\$0	\$235,031	0.8%		
02813 Bd Of Nursing Home Admin	\$57,699	\$0	\$0	\$57,699	0.2%		
02814 Bd Of Hearing Aid Dispensers	\$170,603	\$0	\$0	\$170,603	0.5%		
02815 Board Of Public Accountants	\$932,868	\$0	\$0	\$932,868	3.0%		
02816 Board Of Sanitarians	\$63,885	\$0	\$0	\$63,885	0.2%		
02818 Electrical Board	\$853,385	\$0	\$0	\$853,385	2.7%		
02819 Board Of Realty Regulations	\$1,993,252	\$0	\$0	\$1,993,252	6.4%		
02820 Board Of Architects	\$152,520	\$0	\$0	\$152,520	0.5%		
02821 Board Of Funeral Service	\$315,382	\$0	\$0	\$315,382	1.0%		
02822 Board Of Chiropractors	\$255,304	\$0	\$0	\$255,304	0.8%		
02823 Professional Engineers	\$777,984	\$0	\$0	\$777,984	2.5%		
02824 Board Of Medical Examiners	\$2,592,641	\$0	\$0	\$2,592,641	8.3%		
02826 Cosmetology Board	\$1,115,595	\$0	\$0	\$1,115,595	3.6%		
02828 Board Of Plumbers	\$609,822	\$0	\$0	\$609,822	2.0%		
02829 Private Investigator	\$409,675	\$0	\$0	\$409,675	1.3%		
02830 Board Of Dentistry	\$547,721	\$0	\$0	\$547,721	1.8%		
02831 Board Of Optometrists	\$94,594	\$0	\$0	\$94,594	0.3%		
02832 Board Of Pharmacy	\$1,517,279	\$0	\$0	\$1,517,279	4.9%		
02833 Board Of Nursing	\$1,872,091	\$0	\$0	\$1,872,091	6.0%		
02834 Board Of Veterinarians	\$296,833	\$0	\$0	\$296,833	1.0%		
02840 Board Of Social Workers	\$532,111	\$0	\$0	\$532,111	1.7%		
02841 Board Of Athletics	\$13,646	\$0	\$0	\$13,646	0.0%		
02852 Bd. Of Alternative Health Care	\$142,023	\$0	\$0	\$142,023	0.5%		
02854 Bd. Of Real Estate Appraisers	\$803,799	\$0	\$0	\$803,799	2.6%		
02855 Bd Of Respiratory Care	\$94,761	\$0	\$0	\$94,761	0.3%		
Total All Funds	\$31,095,613	\$0	\$448	\$31,096,061	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

State special revenues included in this division are generated through licenses and fees charged to the various boards and professional licensing organizations.

**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 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	14,390,702	14,390,702	28,781,404	92.56%
Statewide PL Adjustments	0	0	0	0.00%	481,063	498,168	979,231	3.15%
Other PL Adjustments	0	0	0	0.00%	575,724	620,520	1,196,244	3.85%
New Proposals	0	0	0	0.00%	127,700	11,034	138,734	0.45%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$15,575,189</b>	<b>\$15,520,424</b>	<b>\$31,095,613</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					999,911					1,011,744
Vacancy Savings					(376,567)					(377,037)
Inflation/Deflation					(15,937)					(5,746)
Fixed Costs					(126,344)					(130,793)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$483,116</b>	<b>(\$2,053)</b>	<b>\$481,063</b>		<b>\$0</b>	<b>\$500,221</b>	<b>(\$2,053)</b>	<b>\$498,168</b>
DP 50 - Initial Motion for FY 2012 Base	0.00		(483,116)	2,053	(481,063)	0.00	0	(500,221)	2,053	(498,168)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	623,368	(23)	623,345	0.00	0	634,726	(20)	634,706
DP 52 - Adjustment for Statewide Operations	0.00	0	(140,252)	(2,030)	(142,282)	0.00	0	(134,505)	(2,033)	(136,538)
DP 502 - BSD General Operating Adjustment	0.00	0	382,957	0	382,957	0.00	0	372,113	0	372,113
DP 503 - BSD - Other General	0.00	0	65,850	0	65,850	0.00	0	65,850	0	65,850
DP 504 - BSD - Online Processing	0.00	0	126,917	0	126,917	0.00	0	182,557	0	182,557
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$575,724</b>	<b>\$0</b>	<b>\$575,724</b>	<b>0.00</b>	<b>\$0</b>	<b>\$620,520</b>	<b>\$0</b>	<b>\$620,520</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,058,840</b>	<b>(\$2,053)</b>	<b>\$1,056,787</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,120,741</b>	<b>(\$2,053)</b>	<b>\$1,118,688</b>

DP 50 - Initial Motion for FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government and Natural Resource and Transportation subcommittees.

DP 502 - BSD General Operating Adjustment - The legislature approved increased support for off campus rent, and in state travel, repair and maintenance, and other operational costs in the FY 2015 biennium.

DP 503 - BSD - Other General - The legislature approved additional state special revenue funding for the Board of Real Estate Appraisers to provide for the anticipated costs of certified appraiser reviews, the Board of Veterinarians to cover consultant's exam costs, and the Board of Realty Regulations to support education programs.

DP 504 - BSD - Online Processing - The legislature approved increased support for the Montana Interactive e-check and credit card processing fees to accept and process online applications for license and permit applicants.

**New Proposals**

New Proposals											
	-----Fiscal 2014-----					-----Fiscal 2015-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 501 - Legal Funding Switch											
05	0.00	0	39,106	0	39,106	0.00	0	39,106	0	39,106	
DP 505 - BSD Weights & Measures (Biennial/ Restricted)											
05	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000	
DP 506 - POL Motor Pool Lease											
05	0.00	0	6,331	0	6,331	0.00	0	6,634	0	6,634	
DP 508 - BSD Medical Impairment Program											
05	3.00	0	(17,737)	0	(17,737)	3.00	0	(134,706)	0	(134,706)	
<b>Total</b>	<b>3.00</b>	<b>\$0</b>	<b>\$127,700</b>	<b>\$0</b>	<b>\$127,700</b>	<b>3.00</b>	<b>\$0</b>	<b>\$11,034</b>	<b>\$0</b>	<b>\$11,034</b>	

DP 501 - Legal Funding Switch - The legislature approved a funding switch to formalize a reorganization of the department's legal structure. The Legal Unit was operating under two different methodologies and now operates under one, sharing resources and expertise to provide legal services to the department. This affects five programs within the department, reducing HB 2 authority in the Centralized Services Division and increasing HB 2 authority in the other divisions in order to pay for estimated legal services.

DP 505 - BSD Weights & Measures (Biennial/ Restricted) - The legislature approved \$100,000 in state special revenue for FY 2014 and FY 2015. The Weights and Measures Bureau will replace outdated equipment and update the metrology laboratory in order to fulfill its statutory requirement to inspect and test all commercial devices statewide. Current equipment is in excess of 15 years old and can no longer be maintained with routine repair.

DP 506 - POL Motor Pool Lease - The legislature approved \$6,331 in FY 2014 and \$6,634 in FY 2015 for one motor pool leased vehicle. This is funded by state special revenue.

DP 508 - BSD Medical Impairment Program - The legislature approved a decrease in appropriation authority for the Business Standards Division Medical Impairment Program authorized in 7-3-2013, MCA. This comes as a result of eliminating contracts for the medical impairment program and providing the service in house. Currently the Business Standards Division spends \$401,318 annually on this service with an expected increase of \$70,000 in each year of the 2015 biennium. By conducting the program in-house, the division reduces costs by \$152,000 over the biennium.

### 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 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	756.58	756.58	751.58	751.58	756.58	751.58	(5.00)	(0.66%)
Estimated Impact of HB 2*			(31.44)	(31.44)			(31.44)	
<b>Net Estimated FTE*</b>			<b>720.14</b>	<b>720.14</b>		<b>720.14</b>	<b>(36.44)</b>	
Personal Services	40,122,529	42,222,224	42,238,374	42,288,058	82,344,753	84,526,432	2,181,679	2.65%
Operating Expenses	21,438,114	23,569,354	22,905,751	23,017,418	45,007,468	45,923,169	915,701	2.03%
Equipment & Intangible Assets	122,027	274,234	436,602	398,986	396,261	835,588	439,327	110.87%
Grants	11,535,458	11,779,098	11,565,453	11,565,525	23,314,556	23,130,978	(183,578)	(0.79%)
Benefits & Claims	91,464	74,840	91,464	91,464	166,304	182,928	16,624	10.00%
Transfers	484,630	357,757	454,199	454,199	842,387	908,398	66,011	7.84%
Debt Service	3,889	3,775	13,103	13,103	7,664	26,206	18,542	241.94%
<b>Total Costs</b>	<b>\$73,798,111</b>	<b>\$78,281,282</b>	<b>\$77,704,946</b>	<b>\$77,828,753</b>	<b>\$152,079,393</b>	<b>\$155,533,699</b>	<b>\$3,454,306</b>	<b>2.27%</b>
General Fund	1,474,826	1,483,665	1,285,371	1,311,124	2,958,491	2,596,495	(361,996)	(12.24%)
State Special	38,439,794	41,914,681	39,886,165	39,872,879	80,354,475	79,759,044	(595,431)	(0.74%)
Federal Special	33,823,455	34,794,419	36,533,410	36,644,750	68,617,874	73,178,160	4,560,286	6.65%
Other	60,036	88,517	0	0	148,553	0	(148,553)	(100.00%)
<b>Total Funds</b>	<b>\$73,798,111</b>	<b>\$78,281,282</b>	<b>\$77,704,946</b>	<b>\$77,828,753</b>	<b>\$152,079,393</b>	<b>\$155,533,699</b>	<b>\$3,454,306</b>	<b>2.27%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

### 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 40 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, Board of Personnel Appeals, and Board of Labor Appeals are administratively attached. Under statute the Human Rights Commission is allocated to the Department of Labor and Industry for administrative purposes.

## Agency Highlights

<b>Department of Labor and Industry Major Budget Highlights</b>
◆ 2015 biennium budget increases mainly due to increased personal services costs for vacant positions and broadband pay increase

## Summary of Legislative Action

As shown in the agency budget comparison, the budget for DOLI increases 2.3% when compared to the 2013 biennium. Overall, the number of FTE supported in HB 2 declined by 5.00. The reduction was due to the net of two actions. The legislature:

- 1) Moved the Office of Legal Services within the Commissioner's Office from HB 2 to a proprietary fund, which reduced the FTE in HB 2 by 8.00; and
- 2) Approved personal service costs to support an additional 3.00 FTE within the Business Standards Division to eliminate contracts for the Medical Impairment Program and to provide the services within the division.

As a result, state special revenue appropriation authority for the division was reduced by \$151,800.

The majority of the increases in the budget are included as personal services. Changes adopted by the legislature included:

- Refunding of vacancy savings, minus 6%
- Annualization of broadband pay plan increases
- Funding statutorily required increases for longevity
- Personal service costs for the Medical Impairment Program

Operating costs for the agency increase by almost \$1.0 million between the two biennia. The majority of the increases are due to increased support for the operational costs of the Business Standards Division.

General fund for the agency declines as a result of a funding shift for the Human Rights Bureau. The legislature approved an additional \$0.5 million in federal funds for the bureau to reduce the amount of fund balance available to support the program, decreasing general fund by the same amount. State special revenue reductions are mainly due to the elimination of state special revenue for the Incumbent Worker Training Program included as part of the Governor's line item veto of HB 2. Federal revenues increase due to:

- \$1.0 million in increased support for the AmeriCorp grant supporting the Office of Community Services
- \$1.4 million in support for statewide present law adjustments which were supported by state special revenues in the FY 2012 base budget
- \$0.5 million for the Human Right Bureau switched from general fund

## *Bills to Implement Provisions of HB 2*

The Joint Appropriation Subcommittee on General Government requested committee bills (HB 627 and HB 591) to implement provisions of HB 2:

- 1) HB 591 increased fees for licenses of weighing devices to provide the Weights and Measures Bureau with additional state special revenues so that the bureau is able to replace outdated equipment and to update the metrology laboratory.
- 2) HB 627 failed to pass the legislature. It would have:
  - Expanded the uses of the employment security account (ESA) to include the Jobs for Montana Graduates Program (JMG) and to add career guidance and academic counseling programs to help student make decisions relating to career preparation as part of the research and analysis functions of the department. Funding for these programs remains in HB 2, and legislative legal staff states that statute likely allows

continued use of these funds for these purposes. HB 627 also expanded the uses of the funding to the Department of Commerce to support the New Worker Training Program.

- o Created a worker training and economic development account in the state special revenue fund. The purpose of the fund was to provide a source of revenue to fund the costs that the state incurs in programs for incumbent worker training. The Governor line item vetoed the \$1.3 million state special revenue appropriation for the Incumbent Worker Training Program in HB 2.

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 31.44 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

**Funding**

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

Total Department Of Labor & Industry Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$2,596,495	\$0	\$0	\$2,596,495	0.6%
State Special Total	79,759,044	-	1,528,454	81,287,498	17.3%
Federal Special Total	73,178,160	-	-	73,178,160	15.6%
Proprietary Total	-	312,976,127	-	312,976,127	66.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b>\$155,533,699</b>	<b>\$312,976,127</b>	<b>\$1,528,454</b>	<b>\$470,038,280</b>	
Percent - Total All Sources	33.1%	66.6%	0.3%		

The majority of the funding for the department is non-budgeted proprietary funding for unemployment benefits. State special revenue funds include the employment security account, individual accounts for each professional licensing board or program, and the uninsured employers fund. General fund supports activities within the Workforce Services Division and the Employment Relations Division.

The employment security account provides support to four of the agency’s divisions. Figure 1 shows the amount of funding provided to each division, the impacts of the additional vacancy savings of 2%, and the maximum potential impacts of HB 13.

Figure 3

Department of Labor and Industry Economic Security Account Including Potential HB 13 Impacts				
Revenues, Expenditures, Fund Balance	Actual FY 2012	Budgeted FY 2013	Budgeted FY 2014	Budgeted FY 2015
Beginning Fund Balance	\$9,428,160	\$9,508,080	\$5,376,414	\$119,026
Revenues				
Contributions/Premiums	14,994,621	15,427,000	15,942,000	16,475,000
BOI Investment Earnings	<u>34,701</u>	<u>24,396</u>	<u>5,000</u>	<u>5,000</u>
Total Revenues	15,029,323	15,451,396	15,947,000	16,480,000
Expenditures				
Department of Labor and Industry				
Workforce Services Division	9,886,884	10,619,281	9,058,064	9,058,117
Unemployment Insurance Division	3,389,198	3,667,627	3,777,656	3,777,656
Commissioner's Office	247,219	1,314,120	179,072	179,069
Employment Relations Division	1,435,729	1,482,034	1,507,401	1,507,433
House Bill 13 Impacts*	0	0	218,131	471,522
House Bill 2 Additional Vacancy Savings**	0	0	(135,936)	(136,124)
Department of Commerce				
Business Resources Division	<u>0</u>	<u>0</u>	<u>800,000</u>	<u>800,000</u>
Total Expenditures	14,959,031	17,083,062	15,404,388	15,657,673
Adjustments	9,628			
Ending Fund Balance	<u>\$9,508,080</u>	<u>\$7,876,414</u>	<u>\$5,919,026</u>	<u>\$941,353</u>
Unemployment Insurance Tax Modernization	0	2,500,000	5,800,000	700,000
Ending Fund Balance with IT project	<u>\$9,508,080</u>	<u>\$5,376,414</u>	<u>\$119,026</u>	<u>\$241,353</u>
* Calculated using funding percentages utilized to establish amounts in HB 13				
** Calculated using MBARS pay plan percentages				

The 2009 Legislature approved the unemployment tax modernization information technology project in HB 10 using \$16.7 million in employment security revenue bonding authority and \$3.0 million in federal revenues. The funding was approved as a long range IT project. As a long range IT project, the appropriation authority for the employment security revenue bonds does not revert at the end of the biennium but is continued until the bonds are issued and the project is completed or the legislature removes the authority through legislation. The agency recently issued a request for proposal on the project and is in the process of finalizing an agreement. The effects of issuing revenue bonds are also shown in the table. In addition, the legislature provided \$1.6 million of funding from this account for primary business sector training provided by the Department of Commerce.

**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 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,474,826	1,474,826	2,949,652	113.60%	73,798,111	73,798,111	147,596,222	94.90%
Statewide PL Adjustments	54,997	55,880	110,877	4.27%	3,953,858	4,150,267	8,104,125	5.21%
Other PL Adjustments	4,056	4,079	8,135	0.31%	1,443,616	1,490,841	2,934,457	1.89%
New Proposals	(248,508)	(223,661)	(472,169)	(18.18%)	(1,490,639)	(1,610,466)	(3,101,105)	(1.99%)
<b>Total Budget</b>	<b>\$1,285,371</b>	<b>\$1,311,124</b>	<b>\$2,596,495</b>		<b>\$77,704,946</b>	<b>\$77,828,753</b>	<b>\$155,533,699</b>	

The statewide present law adjustments provide for personal service adjustments including:

- Full funding of all positions, minus 4% vacancy savings
- Annualization of broadband pay plan increases
- Funding statutorily required increases for longevity

The adjustments also include increases for both fixed costs such as State Information Technology Services Division and rent adjustments, and decreases for gasoline.

Other present law adjustments include an additional \$1.1 million in federal authority for the AmeriCorp grant supporting the Office of Community Services and \$0.8 million in state special authority for operating costs associated with the Business Services Division.

Reductions approved as new proposals include:

- \$1.8 million in additional vacancy savings for the agency
- \$1.3 million of state special revenue appropriations for the Incumbent Worker Training Program vetoed by the Governor
- \$1.7 million in support for legal services within the Commissioner's Office that were switched to nonbudgeted proprietary funds with revenue generated through a rate charged to the various divisions within DOLI. This reduction was partially offset by increases within each division's budget for the costs of the proprietarily funded legal services of \$1.1 million in total funds

**Other Legislation**

**HB 13** – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**HB 363** – This bill allows the Board of Realty Regulation to hire its own staff rather than have the division provide administrative, clerical and compliance support to the board. The Governor vetoed the bill. The Secretary of State's Office is polling the legislature to determine if the legislature will override the Governor's veto.

**HB 591** – This bill increases licensing fees for weighing devices that support costs of the program within the Business Standards Division.

**SB 410** – This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor's Office. The funding can be transferred at the Governor's discretion in the 2015 biennium to the following departments for operations costs:

- Governor's Office

- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

In addition, the bill contained a one-time-only appropriation of \$2.0 million general fund for the Department of Labor and Industry. The funding is to be transferred to the Department of Labor and Industry Operations Account within the state special revenue fund. The statutorily appropriated funds are to fund various operations costs of the department.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	756.58	752.58	751.58	(1.00)	752.58	751.58	(1.00)	
Estimated Impact of HB 2*			(31.44)	(31.44)		(31.44)	(31.44)	
<b>Net Estimated FTE*</b>			<b>720.14</b>	<b>(32.44)</b>		<b>720.14</b>	<b>(32.44)</b>	
Personal Services	40,122,529	43,265,007	42,238,374	(1,026,633)	43,309,143	42,288,058	(1,021,085)	(2,047,718)
Operating Expenses	21,438,114	22,921,975	22,905,751	(16,224)	23,040,631	23,017,418	(23,213)	(39,437)
Equipment & Intangible Assets	122,027	436,602	436,602	0	398,986	398,986	0	0
Grants	11,535,458	12,228,606	11,565,453	(663,153)	12,228,678	11,565,525	(663,153)	(1,326,306)
Benefits & Claims	91,464	91,464	91,464	0	91,464	91,464	0	0
Transfers	484,630	454,199	454,199	0	454,199	454,199	0	0
Debt Service	3,889	13,103	13,103	0	13,103	13,103	0	0
<b>Total Costs</b>	<b>\$73,798,111</b>	<b>\$79,410,956</b>	<b>\$77,704,946</b>	<b>(\$1,706,010)</b>	<b>\$79,536,204</b>	<b>\$77,828,753</b>	<b>(\$1,707,451)</b>	<b>(\$3,413,461)</b>
General Fund	1,474,826	2,646,492	1,285,371	(1,361,121)	2,647,416	1,311,124	(1,336,292)	(2,697,413)
State/Other Special	38,439,794	40,097,044	39,886,165	(210,879)	40,056,805	39,872,879	(183,926)	(394,805)
Federal Special	33,823,455	36,667,420	36,533,410	(134,010)	36,831,983	36,644,750	(187,233)	(321,243)
Proprietary	60,036	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$73,798,111</b>	<b>\$79,410,956</b>	<b>\$77,704,946</b>	<b>(\$1,706,010)</b>	<b>\$79,536,204</b>	<b>\$77,828,753</b>	<b>(\$1,707,451)</b>	<b>(\$3,413,461)</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature did not approve a request to switch \$1.6 million from the employment security account to the general fund for the Jobs for Montana Graduates Program and career guidance and academic counseling programs, which are functions within the Research and Analysis Bureau. Instead, the Joint Appropriation Subcommittee on General Government requested that provisions be added to a bill to implement provisions of HB 2 to clarify that the employment security account may be used for these purposes. As discussed earlier in the narrative, HB 627 did not pass the legislature.

The legislature approved an executive request to provide for the purchase of equipment and update the metrology laboratory within the Business Services Division. However, the legislature passed HB 591 discussed above to increase the fees paid for licensing of weighing devices and appropriated the additional state special revenue funds for the request rather than use general fund.

The legislature approved a funding switch within the state special revenue fund for incumbent worker training, eliminating support from the employment security account and providing support from the worker training and economic development account. The legislature also approved a one-time-only funding switch for the Human Rights Bureau, using \$500,000 of available funding from federal reimbursements for investigations conducted by the office instead of general fund.

The legislature did not approve a request to add \$100,000 in general fund for personal services funding for 1.0 FTE for a grants coordinator to provide oversight for the AmeriCorps Grants.

The legislature approved additional vacancy savings of 2% for positions funded in HB 2 reducing personal service costs by \$1.8 million over the biennium including \$0.9 million in state special revenue and \$0.9 million of federal revenue.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

"Weights and Measures Equipment (Restricted/Biennial) is contingent upon the passage and approval of House Bill No. 591."

"Employment Relations Division includes a reduction in state special revenue of \$520,391 in fiscal year 2014 and \$493,141 in fiscal year 2015 and federal special revenue of \$388,035 in fiscal year 2014 and \$416,258 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

**Director**  
AMY CARLSON

DATE: August 6, 2013

TO: Economic Affairs Interim Committee Members

FROM: Kris Wilkinson, Senior Fiscal Analyst

RE: Cost Allocations for Business Standards Division

The Department of Labor and Industry (DOLI) provides administrative, clerical, legal, investigative, and fiscal services for administratively attached boards and a number of programs within the Business Standards Division. The following methodology is used to allocate the costs to each of the boards and programs.

On a daily basis the various staff within the division record the time they spend providing direct services to the various boards and programs. Time that cannot be directly allocated to a specific board such as vacation or training is recorded as indirect hours. The direct hours for each employee are summarized by board each quarter and used to determine the direct costs incurred by each board or program.

In addition, the indirect hours are summarized and allocated based on the percentage of direct hours charged to each board. Indirect hours includes both the unallocated costs of staff working for the boards and programs and the salary costs for administrative personnel such as the division administrator or the bureau chiefs. Indirect charges for such items as phone lines or general supplies are also allocated based on the direct hours allocation percentage.

For the 2015 biennium, budgeted costs for the Business Standards Division were based on the last quarter of FY 2012. The direct hours of employees during that quarter established the amount of state special revenue appropriated for each bureau. Both direct costs and indirect costs for the year were determined using the allocation amounts for the last quarter. The budget units for the division included:

- o Building Codes Bureau
- o Licensing Bureaus
- o Weights and Measures Bureau

Figure 1 shows the legislative budget for personal services distributed between direct and indirect costs for FY 2014 and FY 2015. The percentage of indirect costs to total costs is also shown. It should be noted that the indirect costs for the Licensing Bureau are significantly higher at 51.9% than those of either the Building Codes Bureau or the Weights and Measures

Bureau. Under this methodology, the Licensing Bureau would also incur indirect charges for division- wide administration and general costs. These indirect charges are allocated based on the percentage of direct hours of personal services for the Licensing Bureau compared to the total direct hours of personal services for the division. In addition , bureau-wide indirect costs are allocated to each board or program based on the percentage of each board’s direct hours of personal services compared to the total direct hours of the bureau.

Figure 1

Department of Labor and Industry											
Business Standards Division											
Cost Allocation for Personal Services											
Legislative Budget											
Bureau	FTE			Personal Services FY 2014			% of	Personal Services FY 2015			% of
	Direct	Indirect	Total	Direct	Indirect	Total	Indirects	Direct	Indirect	Total	Indirects
Building Codes Bureau	54.67	4.41	59.08	\$3,103,260	\$211,204	\$3,314,464	6.37%	\$3,105,563	\$212,259	\$3,317,822	6.40%
Licensing Bureau	44.00	39.88	83.88	2,507,531	2,710,498	5,218,029	51.94%	2,512,286	2,712,273	5,224,559	51.91%
Weights and Measures Bureau	8.61	2.97	11.58	511,745	168,270	680,015	24.75%	512,631	168,602	681,233	24.75%
Total Legislative Budget	<u>107.28</u>	<u>47.26</u>	<u>154.54</u>	<u>\$6,122,536</u>	<u>\$3,089,972</u>	<u>\$9,212,508</u>	<u>33.54%</u>	<u>\$6,130,480</u>	<u>\$3,093,134</u>	<u>\$9,223,614</u>	<u>33.53%</u>
Further Breakdown Using New Accounting Structure											
Bureau	FTE			FY 2014			% of	FY 2015			% of
	Direct	Indirect	Total	Direct	Indirect	Total	Indirects	Direct	Indirect	Total	Indirects
Administration	0.00	7.00	7.00	0	443,303	443,303	100.00%	0	445,359	445,359	100.00%
Board Management Bureau	19.44	9.56	29.00	1,251,932	867,127	2,119,059	40.92%	1,252,678	866,336	2,119,014	40.88%
Building Codes Bureau	51.09	3.41	54.50	2,839,654	160,643	3,000,297	5.35%	2,841,644	161,046	3,002,690	5.36%
Compliance Unit	14.60	4.40	19.00	826,194	253,371	1,079,565	23.47%	829,039	254,202	1,083,241	23.47%
IT Unit	3.46	6.55	10.01	253,077	476,942	730,019	65.33%	253,627	477,124	730,751	65.29%
Licensing Bureau	17.44	6.59	24.03	818,885	378,159	1,197,044	31.59%	820,266	378,025	1,198,291	31.55%
Weights and Measures Bureau	9.61	1.39	11.00	566,648	76,573	643,221	11.90%	567,456	76,812	644,268	11.92%
Total	<u>115.64</u>	<u>38.90</u>	<u>154.54</u>	<u>6,556,390</u>	<u>2,656,118</u>	<u>9,212,508</u>	<u>28.83%</u>	<u>6,564,710</u>	<u>2,658,904</u>	<u>9,223,614</u>	<u>28.83%</u>

Since the budget was approved by the legislature, the division has changed its internal accounting structure to more efficiently allocate staff resources to the various boards and programs by including the compliance unit as a separate reporting entity rather than combining it as part of the licensing bureau costs. The revised accounting structure for the division includes:

- o Administration
- o Board Management Bureau
- o Building Codes Bureau
- o Compliance Unit
- o Information Technology Unit (IT)
- o Licensing Bureau
- o Weights and Measures Bureau

Figure 1 also shows the direct and indirect hours for personal services that would be used for FY 2014 and FY 2015 under the new methodology. The figure further breaks down the legislative budget into the new accounting structure units. It should be noted that the Compliance Unit, the Board Management Bureau and the Licensing Bureau are all included in the legislative budget for the Licensing Bureaus. As shown, the overall percentage for indirect costs is reduced, from 33.5% to 28.8%. Indirect costs directly attributed to the Licensing Bureau are also reduced, from 51.9% to 31.5%. However, the board and programs under the Licensing Bureau will also incur

direct and indirect costs for the Compliance Unit, Administration, Board Management Bureau, and the IT Unit.

It should be noted that this is based on what occurred in the last quarter of FY 2012. Actual costs will be based on the ongoing quarterly time spent by employees assisting each board or program. Variations from the budget should be anticipated.