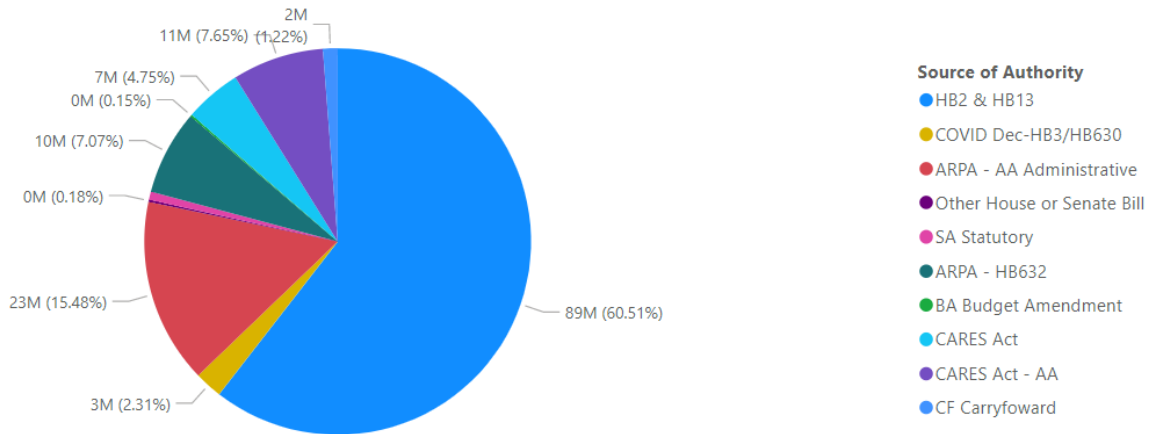


DEPARTMENT OF LABOR AND INDUSTRY

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 60.5% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	89,219,058	47,626,519	53.4%
BA Budget Amendment	224,215	203,249	90.6%
CF Carryforward	1,805,621	15,271	0.8%
Other House or Senate Bill	259,317	22,224	8.6%
SA Statutory	1,003,385	619,595	61.8%
CARES	18,273,846	13,119,978	71.8%
CARES II	3,406,051	32,439	1.0%
ARPA	33,251,842	4,877,600	14.7%
Total	147,443,334	66,516,875	45.1%

Report Period

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Budget Amendments

For FY 2022, the Department of Labor and Industry’s (DOLI) budget included \$224,000 in budget amendment authority. Currently, there are two budget amendments from federal special revenue accounts. The largest is for the Work Opportunities Tax Credit Program (\$180,000), which gives employers a tax credit if they hire qualified individuals with substantial barriers to employment. The second is for the Montana community service projects in the Office of Community Services (OCS; \$44,000). As of the end of February, the agency has expended \$203,000 or 90.6% of these budget amendment appropriations.

Carryforward

DOLI has carryforward authority totaling \$1.8 million in FY 2022 from FY 2020 (\$1.1 million) and FY 2021 (\$735,000). Carryforward authority from FY 2020 will be available through FY 2022 and authority from FY 2021 will be available through FY 2023. Almost all of the carryforward authority is from the employment security account, a state special revenue account that receives funds from an administrative assessment against

payroll of Montana employers. The statute enumerates the uses of this fund. DOLI plans to use these funds in the Unemployment Insurance Division to help offset expenditures as federal funds for the pandemic begin to expire. To date, \$15,000 has been expended.

Other Bills

SB 191 – Revise State Finance Laws

The 2021 Legislature appropriated \$1.5 million in general fund and \$1.0 million in state special revenue to the Office of Budget and Program Planning in the Governor’s Office for allocations to state agencies, mainly for costs associated with enacted legislation that did not provide appropriations. The Department of Labor and Industry received a total of \$258,000 of these funds in FY 2022 for the purpose of carrying out the following bills:

- HB 198 – In the event of an employee dying as a result of an accident from employment and during employment the Department of Labor and Industry will provide compensation for burial expenses. This bill increased the maximum amount workers’ compensation benefits will pay for these burial expenses. Appropriations total \$2,692 and no expenditures have been made
- HB 210 – Eliminated the speech/audiology aide position. DOLI is responsible for implementing these changes as they are in charge of the administration and rulemaking for the Speech-Language Pathology Program. Appropriations for this bill total \$24,971 and no expenditures have been made
- HB 217 – Established a licensure for genetic counselors. Appropriations total \$51,762 and as of the end of February \$10,859 had been expended
- HB 276 – Added a behavioral health peer support specialist to the Board of Behavioral Health. An appropriation of \$4,158 was given to implement this bill. As of the end of February, there had been no expenditures
- HB 495 – Created a health care provider task force, for which DOLI will provide clerical and administrative services. This appropriation is one-time-only (OTO) and totals \$2,480. As of the end of February, \$248 had been expended
- HB 593 – This bill revised barber and cosmetology laws including membership, rulemaking, and licensure requirements. Appropriations total \$10,119 and no expenditures have been made
- HB 702 – This bill prohibits discrimination based on a person’s vaccination status. DOLI anticipates that there will be an increase in complaints submitted to the Human Rights Bureau due to this bill. Therefore, to fund these additional legal costs a total of \$98,694 in general fund has been appropriated. As of the end of February, \$4,562 had been expended
- SB 39 – Requires the boards of Behavioral Health, Medical Examiners, Nursing, and Psychologists establish standards and guidelines for the evaluation, treatment and monitoring of sexual offenders. To implement this bill, an appropriation totaling \$27,912 was given and as of the end of February \$6,341 had been expended
- SB 106 – Created a licensure and establishment of qualifications for veterinary technicians. To implement this bill, \$27,415 was appropriated and as of the end of February no expenditures have been made
- SB 374 – Revised laws relating to dispensing of drugs by medical practitioners. DOLI is responsible for the rulemaking associated with this bill. An appropriation totaling \$6,150 was given and no expenditures have been made

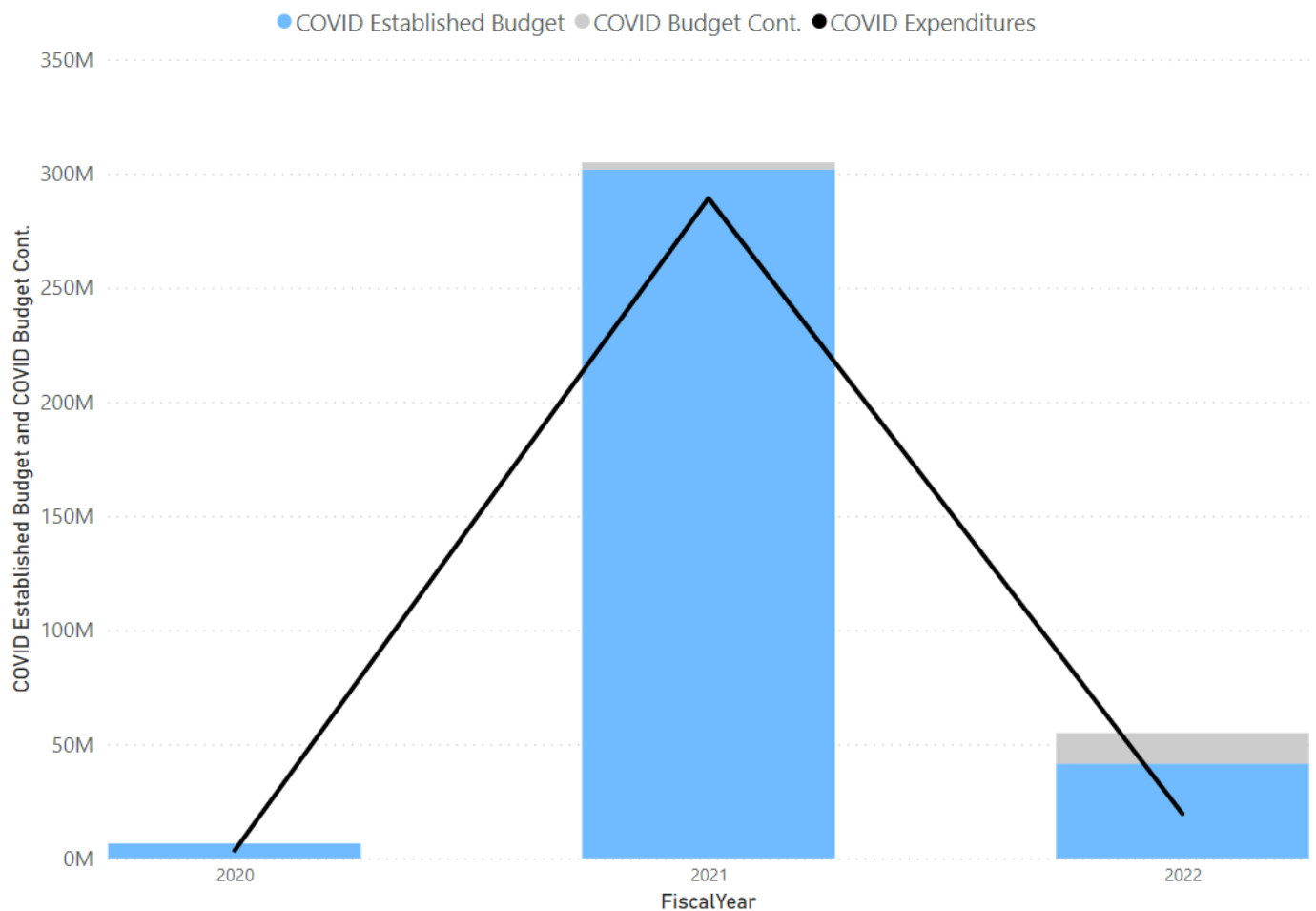
- SB 396 – Revised laws applying to boilers. This bill creates a limited low-pressure engineer license and allows DOLI to assess fees for licensing. The appropriation is OTO and totals \$1,176. No expenditures have been made

As of the end of February, expenditures total approximately \$22,000. The agency anticipates expending all of these funds by the end of the fiscal year.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The agency received approximately \$311.0 million and expended \$305.2 million or 98.1% from the Coronavirus Aid, Relief, and Economic Security (CARES) Act I. The majority of this funding (\$212.5 million) was used for the unemployment insurance trust to offset the higher costs of the state unemployment insurance program due to the high number of unemployment insurance claimants during the pandemic. Approximately, \$98.1 million was for the administration and payment of federal unemployment insurance benefit programs in the Unemployment Insurance Division (UID).

The remaining funds were allocated, as follows:

- Workforce Services Division (WSD; \$803,000) – \$220,000 from the Governor’s emergency education relief grant (GEER) to help schools with COVID related needs and \$582,750 from the United States Department of Labor for the national dislocated worker grant to provide training and supportive services for individuals affected by the pandemic
- Commissioner’s Office and Centralized Services Division (CSD; \$281,000) – funds to purchase cleaning and safety supplies for COVID, as well as to pay for employee overtime related to the pandemic across the department

In the CARES Act II, implemented through HB 630, the agency received approximately \$5.3 million and expended \$1.9 million or 35.8%. These funds were for the administration of the UID and the federal unemployment insurance benefit programs. These funds will be available until June 30, 2023.

The American Rescue Plan Act (ARPA) provided \$5.5 million for the OCS and \$5.2 million for unemployment insurance administration, which was appropriated through HB 632. These funds are available until December 31, 2024. From the coronavirus state and local fiscal recovery funds, the WSD received \$15.0 million for return-to-work bonuses, \$10.0 million for the Rapid Retraining Program, and \$2.0 million for the Individuals with Disabilities Employment Engagement Program. The return-to-work bonus program provided funds for individuals who attained employment through October 31, 2021. As of January 24, 2022, \$3.7 million was distributed through the program. It was proposed and approved by the ARPA advisory commission that of the remaining return-to-work bonus funds, approximately \$4.4 million (\$4.0 million to DOLI for implementation and administration and \$350,000 to the Department of Commerce for marketing) will be used for recruitment and employment of out-of-state health care workers. Additionally, all other remaining unused funds will be allocated to the Business Innovation Program.

Statutory Appropriations

Statutory appropriations account for less than 1.0% of the Department of Labor and Industry’s total FY 2022 budget. Of the approximately \$1.0 million budgeted in FY 2022, \$620,000 or 61.8% has been expended. Further discussion of statutory appropriations is below.

Uninsured employer fund (UEF; 39-71-503, MCA)

The UEF is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receive the full benefits by collecting penalties from uninsured employers. The majority of the agency’s statutory appropriations are for the UEF (47.4%). For FY 2022, \$475,000 was appropriated for the UEF, of which \$412,000 or 86.7% has been expended.

Real estate recovery (Title 37, Chapter 51, MCA)

The real estate recovery fund compensates Montana real estate licensees who have unsatisfied legal judgments. For FY 2022, \$1,000 was appropriated and there have been no expenditures to date.

Board of Public Accountants (2-15-1756, MCA)

The Board of Public Accountants is responsible for regulating certified public accountants and their firms to ensure they are compliant with the professional standards and the laws set by the state of Montana. Approximately \$369,000 was appropriated in FY 2022 and \$128,000 or 34.6% has been expended.

Underground Facility Protection Program (69-4-520, MCA)

The Underground Facility Protection Program was created in 2017 when HB 365 became law. The statute requires the Department of Labor and Industry to have a program that monitors, maintains records, and issues

civil penalties for incidents where underground facilities are damaged during excavations. In FY 2022, \$96,000 was appropriated and \$76,000 or 79.3% has been expended.

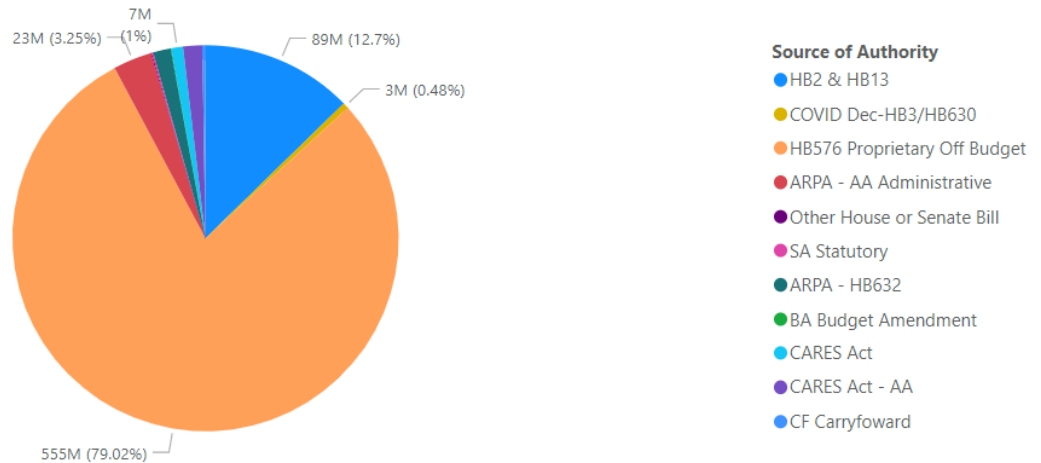
Board of Real Estate Appraisers (2-15-1758, MCA)

Due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, every state was required to establish an agency for the licensure, certification, and regulation of real estate appraisers. Of the \$62,500 that has been appropriated for FY 2022, \$4,000 has been expended.

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	89,219,058	47,626,217	53.4%
BA Budget Amendment	224,215	203,249	90.6%
CF Carryforward	1,805,621	15,271	0.8%
HB576 Proprietary Off Budget	555,296,325	80,766,300	14.5%
NB Non-Budgeted		734,256	Infinity
Other House or Senate Bill	259,317	22,224	8.6%
SA Statutory	1,003,385	619,595	61.8%
CARES	18,273,846	13,119,978	71.8%
CARES II	3,406,051	32,439	1.0%
ARPA	33,251,842	4,877,600	14.7%
Total	702,739,659	148,017,129	21.1%

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The Department of Labor and Industry has approximately \$555.3 million in non-budgeted proprietary funding for FY 2022, of which \$80.8 million or 14.5% has been expended. Approximately \$534.2 million is for the unemployment insurance (UI) tax benefit fund which distributes UI benefits to claimants. Lower expenditures are due to the agency receiving COVID funds. The remaining funding is for the Technology Services Division, Commissioner’s Office and Centralized Services Division, subsequent injury trust fund in the Employment Relations Division, and the Montana Career Information System in the Workforce Services Division.

The agency has expended non-budgeted funds totaling \$734,000. This fund is primarily used as a holding account for expenses in the WSD that are allocated across all programs monthly. By year-end, these funds are allocated to the appropriate fund within HB 2 authority. This fund also includes expenditures for conference costs, the Organ Donor Program in the Office of Community Services, and the Governor’s scholarship fund for youth.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from December 1, 2021 through February 28, 2022. Net modifications to the budget include

operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	December Modified Budget	March Modified Budget	Net Modifications
☐ Labor & Industry	89,219,058	89,219,058	0
BUSINESS STANDARDS DIVISION	19,627,505	19,627,505	0
COMMISSIONERS OFFICE & CSD	1,622,197	1,622,197	
EMPLOYMENT RELATIONS DIVISION	15,031,521	15,031,521	0
OFFICE OF COMMUNITY SERVICES	4,119,072	4,119,072	
UNEMPLOYMENT INSURANCE DIV	17,434,262	17,434,262	
WORKERS COMPENSATION COURT	789,338	789,338	
WORKFORCE SERVICES DIVISION	30,595,163	30,595,163	
Total	89,219,058	89,219,058	0

Acct & Lvl 1 DESC	December Modified Budget	March Modified Budget	Net Modifications
☐ 61000 Personal Services	49,889,670	49,889,670	0
☐ 62000 Operating Expenses	28,648,851	28,648,851	0
☐ 63000 Equipment & Intangible Assets	505,849	505,849	
☐ 66000 Grants	9,402,761	9,402,761	
☐ 67000 Benefits & Claims	100,389	100,389	
☐ 68000 Transfers-out	430,364	430,364	
☐ 69000 Debt Service	241,174	241,174	

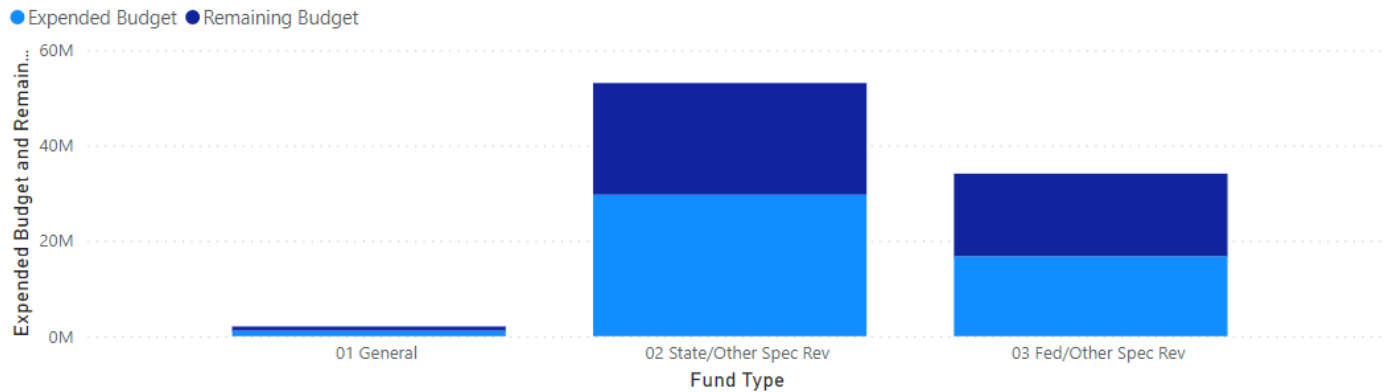
Fund Type	December Modified Budget	March Modified Budget	Net Modifications
☐ 01 General	2,032,615	2,032,615	
☐ 02 State/Other Spec Rev	53,095,599	53,096,307	708
☐ 03 Fed/Other Spec Rev	34,090,844	34,090,136	-708

DOLI reallocated the additional 1.0% vacancy savings, which were approved during the 2021 Legislative Session. During that reallocation, there was a transfer of \$708 from state special revenue to federal special revenue. DOLI has since corrected this transfer of funds by transferring \$708 back into state special revenue from federal special revenue.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 28, 2022.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	49,889,670	28,867,921	57.9%
Operating Expenses	28,648,851	13,949,865	48.7%
Equipment & Intangible Assets	505,849	69,747	13.8%
Grants	9,402,761	4,416,200	47.0%
Benefits & Claims	100,389	14,350	14.3%
Transfers-out	430,364	166,120	38.6%
Debt Service	241,174	142,316	59.0%

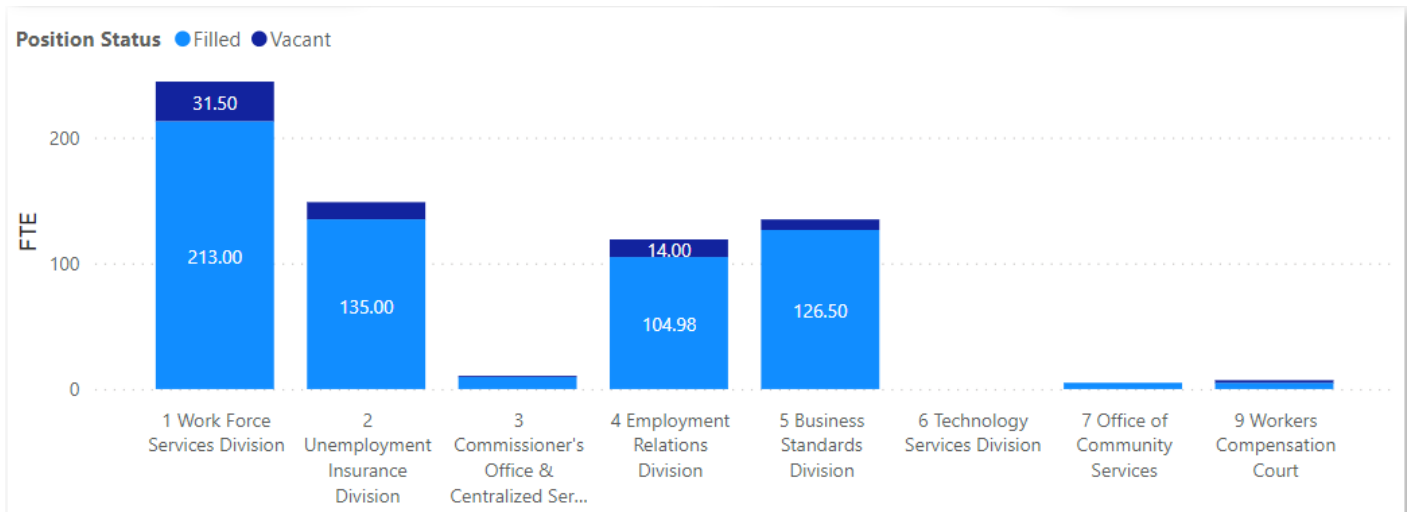
Program Name	Modified Budget	Expended Budget	Percent Expended
BUSINESS STANDARDS DIVISION	19,627,505	11,071,681	56.4%
COMMISSIONERS OFFICE & CSD	1,622,197	876,853	54.1%
EMPLOYMENT RELATIONS DIVISION	15,031,521	8,277,656	55.1%
OFFICE OF COMMUNITY SERVICES	4,119,072	2,144,401	52.1%
UNEMPLOYMENT INSURANCE DIV	17,434,262	9,559,477	54.8%
WORKERS COMPENSATION COURT	789,338	404,122	51.2%
WORKFORCE SERVICES DIVISION	30,595,163	15,292,330	50.0%
Total	89,219,058	47,626,519	53.4%

The Department of Labor and Industry's HB 2 modified budget totals \$89.2 million for FY 2022. The majority of the funding is from state special revenue funds for personal service expenditures. As of the end of February, DOLI has expended \$47.6 million or 53.4%.

Personal Services

Personal services make up 55.9% of the total HB 2 budget for FY 2022 with \$28.9 million or 57.9% expended as of February 28, 2022.

The following chart shows the filled and vacant FTE within the agency as of February 1, 2022.



DOLI had 10.5% of its HB 2 positions vacant as of February 1, 2022, which includes:

- 31.50 FTE in the Workforce Services Division
- 13.61 FTE in the Unemployment Insurance Division
- 1.00 FTE in the Commissioner’s Office and Centralized Services Division
- 14.00 FTE in the Employment Relations Division
- 8.39 FTE in the Business Standards Division
- 2.00 FTE in the Workers Compensation Court

Of the 70.50 FTE vacant, 23.00 FTE are employment specialist positions in the Workforce Services Division. The WSD is the largest division in DOLI and some of these positions are located in smaller communities across Montana that face more challenges when hiring, recruiting, and retaining positions.

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

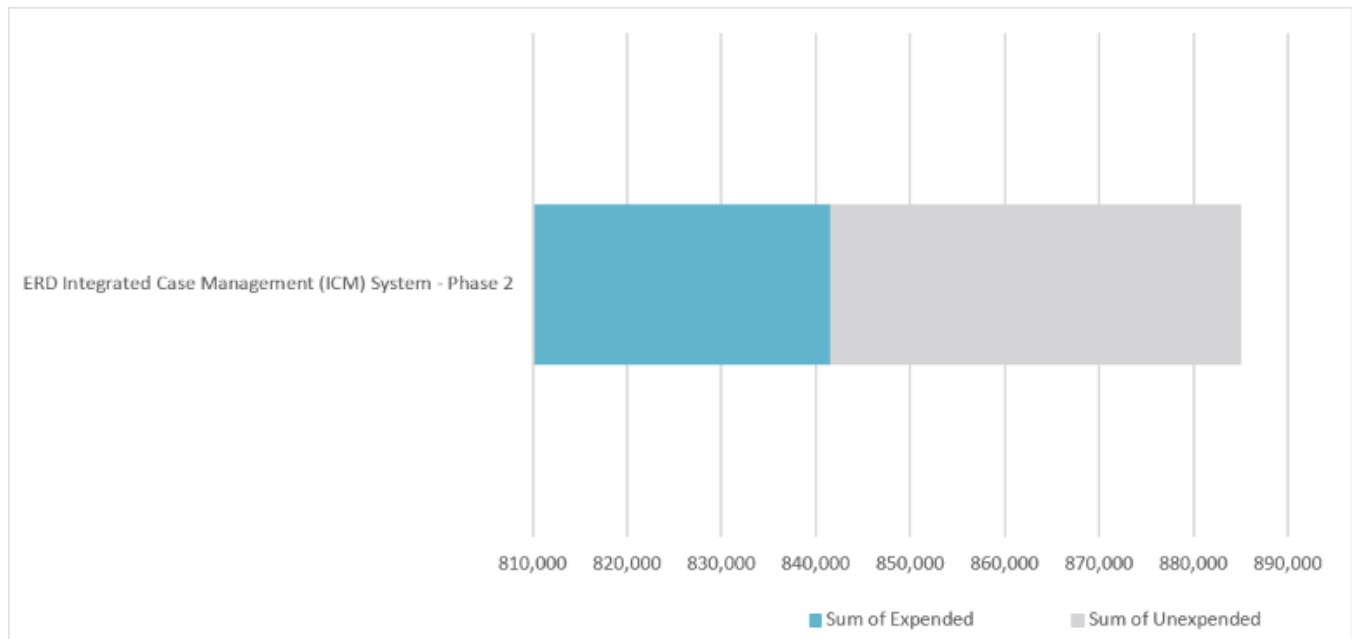
The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

Operating Expenses

Operating expenses make up 32.1% of the HB 2 modified budget. Of the \$28.6 million that was appropriated \$13.9 million or 48.7% has been expended. The majority of the expenditures are for technology services costs.

OTHER ISSUES

Information Technology Project Expenditures



Large Information Technology Projects Original and Revised Budgets				
Project	Original Budget	Revised Budget	Change from Original Budget	
ERD Integrated Case Management (ICM) System - Phase 2	885,000	885,000	-	

Large Information Technology Projects Original and Revised Delivery Date				
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
ERD Integrated Case Management (ICM) S	1/4/2021	11/30/2021	3/31/2022	36.7%

Integrated Case Management System Phase 2

The purpose of this project is to implement the case management solution, as identified in phase 1 of this project, to meet the needs of the Compliance and Investigation Bureau in the Employment Relations Division. This project is currently 90.0% complete with an initial estimated delivery date of November 30, 2021. This delivery date has been revised to March 31, 2022. As of the end of February, approximately \$842,000 has been expended.

Required Reports

The Department of Labor and Industry did not have any budget amendments, operating plan changes, or program transfers that require reporting to the Legislative Finance Committee.