

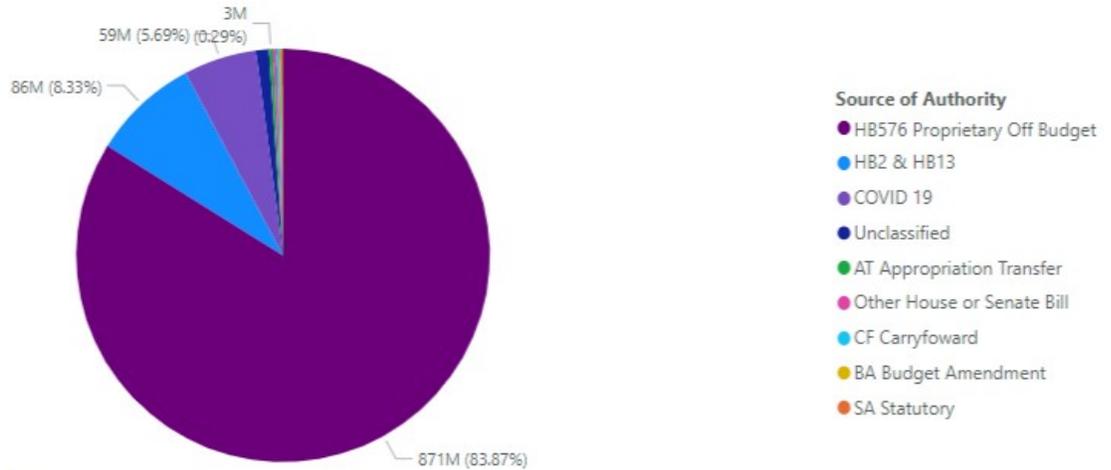
DEPARTMENT OF LABOR & INDUSTRY

TOTAL APPROPRIATION AUTHORITY

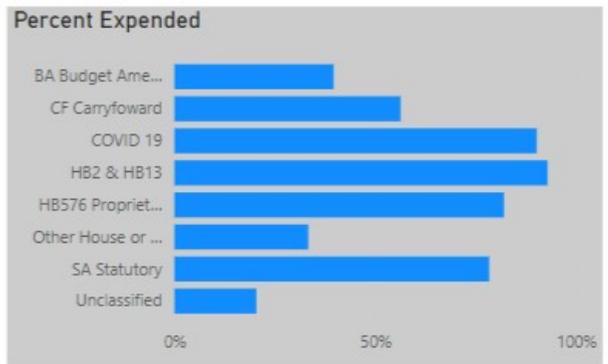
The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 8.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Labor & Industry

Total Appropriation Authority



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
AT Appropriation Transfer	3,000,668		
BA Budget Amendment	1,471,526	583,633	39.7%
CF Carryforward	2,450,877	1,380,444	56.3%
COVID 19	59,131,663	53,367,591	90.3%
HB2 & HB13	86,491,943	80,384,333	92.9%
HB576 Proprietary Off Budget	871,038,716	714,989,993	82.1%
Other House or Senate Bill	2,976,665	992,576	33.3%
SA Statutory	1,463,389	1,147,535	78.4%
Unclassified	10,478,366	2,138,377	20.4%
Total	1,038,503,812	854,984,483	82.3%



Appropriation Transfers

Appropriation transfer funding received by the Department of Labor and Industry (DLI) was approximately \$3.0 million, with no funds being expended. Primary funding is for the Unemployment Insurance Tax Modernization application appropriated in HB 10 (2011 Legislature), which authorized funding for new and updated information technology systems, including an upgrade to the unemployment insurance tax contributions system and replacement of the unemployment insurance benefits system. Funding for this Long-Range Information Technology Program project came from the employment security account, which is a state special revenue account, and from federal special revenue. The employment security account is a state special revenue account that receives funds from an administrative assessment against payroll amounts of Montana employers with statute enumerating the use of the fund. This project was completed in FY 2020, thus there will be no more expenditures for those projects. DLI is working with the budget office to revert the remaining appropriations to the employment security account and federal special revenue accounts.

Budget Amendments

Budget amendments processed for DLI were primarily for the extension of the national dislocated worker grant POWER funds. The purpose of this grant is to address the layoffs in Colstrip and other communities affected by a decline in the coal industry. This grant ended in December of 2020 at which point the funds were not utilized as anticipated.

Carryforward Authority

DLI's carryforward authority funding is primarily from the employment security account. Lower expenditures are primarily due to the department receiving funds from the CARES Act and ARPA funds. The remaining funds are anticipated to be used for the Unemployment Insurance Program in the following fiscal year.

Non-Budgeted Proprietary Funding

The department's non-budgeted proprietary funding totaled approximately \$871.0 million, of which \$715.0 million or 82.1% was expended in FY 2021. The majority of non-budgeted proprietary funding for DLI is from the unemployment insurance (UI) tax benefit fund which distributes UI benefits to claimants.

Other Bills

Appropriations to DLI from other house and senate bills totaled approximately \$3.0 million in FY 2021, of which \$993,000 or 33.3% was expended. The majority of funding was for the Montana Health and Economic Livelihood Partnership (HELP) Act. The HELP Act provides a free workforce program to Montanans who are enrolled in Medicaid. This program was underutilized in FY 2021 due to the COVID-19 pandemic as well as the timing associated with the issuance of rules for employer grants.

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. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor's Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page. The appropriation authority for CARES I and ARPA shown below remains with the Governor's Office.

Coronavirus Stimulus Appropriations Labor & Industry

Stimulus Authority	Budget	FYE Expended	Percent Expended
ARPA	5,227,000	293,062	5.6%
CARES I	294,444,882	287,138,717	97.5%
CARES II	5,251,366	1,845,315	35.1%

During the COVID-19 pandemic many businesses had to close and lay off workers. As a result, there was a substantial increase in the number of people filing for unemployment insurance. In addition, the federal government created additional unemployment benefit programs that increased weekly payments, extended weekly eligibility, and expanded availability of benefits to those who previously did not qualify such as self-employed workers. Therefore, the majority of funds received by the Department of Labor and Industry was for aiding the Unemployment Insurance Program.

From the Coronavirus Aid, Relief, and Economic Security (CARES) Act I, DLI received approximately \$294.4 million and expended \$287.1 million or 97.5%. The majority of this funding (\$200.0 million) was used to increase the balance of the unemployment insurance trust fund as the high number of UI claimants substantially reduced the balance. The remaining funds were primarily for the administration and payment of federal unemployment insurance benefit programs.

In the CARES Act II (HB 630) DLI received approximately \$5.3 million and expended \$1.8 million or 35.1%. The majority of these funds were for the administration of the Unemployment Insurance Program. These funds will be available until June 30, 2023.

The American Rescue Plan Act (ARPA) (HB 632) appropriated \$5.5 million for the Office of Community Services and \$5.2 million for unemployment insurance administration. However, the table above only reflects FY 2021 appropriations which shows approximately \$5.2 million was appropriated and \$293,000 or 5.6% was expended thus far. To date, the federal government has only released \$275,000 to DLI, which was expended entirely for unemployment insurance administration. Additionally, the Workforce Services Division received \$15.0 million from the coronavirus state and local fiscal recovery funds to be used as return-to-work bonuses but only \$27,000 was appropriated in FY 2021. The remaining return-to-work bonus funding is available for distribution in the following years.

Statutory Appropriations

Statutory appropriations for the department totaled approximately \$1.5 million in FY 2021, with approximately \$1.1 million or 78.4% being expended. Statutory appropriations include the following:

- Employment Relations Division:
 - Uninsured Employer Fund (UEF) – The UEF is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receives the full benefits they would have if the employer was insured ([39-71-503, MCA](#)). The UEF collects benefits from the employer as a penalty as the employer is responsible for 100.0% of medical and wage loss benefits
- Business Standards Division:

- Underground Facility Protection Program – This program was created in 2017 when HB 365 became law which requires the Montana 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. This program is set in [69-4-529, MCA](#). In FY 2021 the program had lower than anticipated cash available for grant awards. Therefore, prospective grant applicants chose to wait until FY 2022 when more funding is assumed to be available and no awards were granted in FY 2021
- Board of Real Estate Appraisers – As of 1989 every state was required to establish an agency for the licensure, certification, and regulation of real estate appraisers. The Board of Real Estate Appraisers powers and duties are set in statute under [37-54-105, MCA](#) with registry fees established in statute under [37-54-113, MCA](#)
- Board of Public Accountants – 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. Funding for this board is set in [37-50-209, MCA](#) and from an enterprise fund. Expenditures were lower than anticipated in FY 2021 due to large reductions in travel and contracts during the pandemic

Unclassified

Unclassified funds consist of ARPA and CARES II funding, which was detailed in the COVID-19 Authority section of this report.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. 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.

HB 2 Modifications Labor & Industry

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications
01 WORKFORCE SERVICES DIVISION	29,441,472	28,930,272	-511,200
02 UNEMPLOYMENT INSURANCE DIV	16,853,702	18,516,090	1,662,388
03 COMMISSIONERS OFFICE & CSD	1,279,385	1,714,485	435,100
04 EMPLOYMENT RELATIONS DIVISION	15,273,251	13,912,851	-1,360,400
05 BUSINESS STANDARDS DIVISION	18,930,494	18,639,603	-290,891
07 OFFICE OF COMMUNITY SERVICES	3,984,888	3,972,500	-12,388
09 WORKERS COMPENSATION COURT	799,642	806,142	6,500
Total	86,562,834	86,491,943	-70,891

Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications
61000 Personal Services	49,416,110	48,428,488	-987,622
62000 Operating Expenses	27,274,357	28,091,062	816,705
63000 Equipment & Intangible Assets	393,324	366,905	-26,419
66000 Grants	8,740,792	8,563,528	-177,264
67000 Benefits & Claims	100,389	30,489	-69,900
68000 Transfers-out	387,333	589,996	202,663
69000 Debt Service	250,529	421,475	170,946

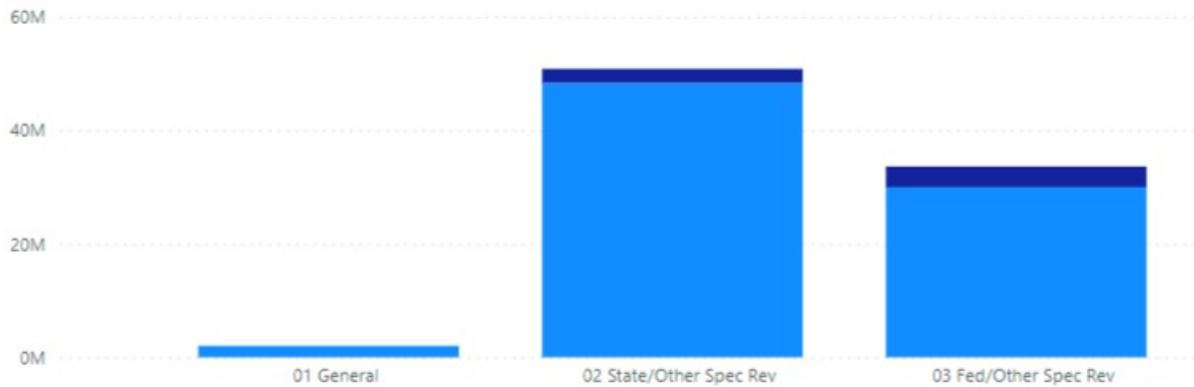
Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications
01 General	2,010,330	2,010,330	0
02 State/Other Spec Rev	50,922,613	50,851,722	-70,891
03 Fed/Other Spec Rev	33,629,891	33,629,891	0

Modifications to the HB 2 budget was primarily due to a shift in appropriation authority to the Unemployment Insurance Division to meet the increased demand and filings for unemployment insurance benefits. The Employment Relations Division, Workforce Services Division, and Business Standards Division reduced their HB 2 budget as the department shifted appropriations to help address the needs of the Unemployment Insurance Division. The reduction in state special revenue authority is due to DLI transferring funds to the Department of Public Health and Human Services for the Private Alternative Adolescent Residential or Outdoor Program (PAARP) in accordance with SB 267 (2019 Legislature).

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



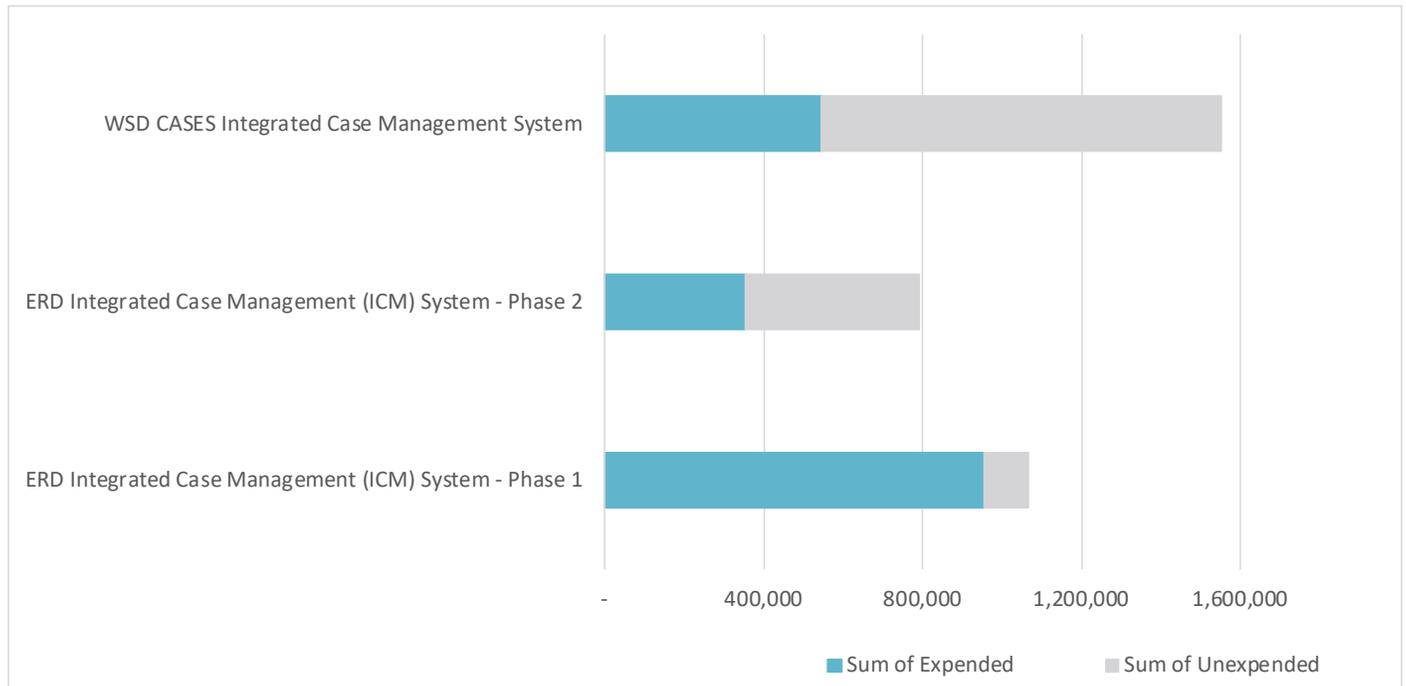
Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
61000 Personal Services	48,428,488	46,634,913	96.3%
62000 Operating Expenses	28,091,062	24,687,868	87.9%
66000 Grants	8,563,528	7,826,006	91.4%
68000 Transfers-out	589,996	466,041	79.0%
69000 Debt Service	421,475	418,407	99.3%
63000 Equipment & Intangible Assets	366,905	324,148	88.3%
67000 Benefits & Claims	30,489	26,950	88.4%

Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
01 WORKFORCE SERVICES DIVISION	28,930,272	26,578,037	91.9%
02 UNEMPLOYMENT INSURANCE DIV	18,516,090	17,591,504	95.0%
05 BUSINESS STANDARDS DIVISION	18,639,603	17,162,923	92.1%
04 EMPLOYMENT RELATIONS DIVISION	13,912,851	12,824,715	92.2%
07 OFFICE OF COMMUNITY SERVICES	3,972,500	3,942,374	99.2%
03 COMMISSIONERS OFFICE & CSD	1,714,485	1,616,362	94.3%
09 WORKERS COMPENSATION COURT	806,142	668,417	82.9%
Total	86,491,943	80,384,333	92.9%

In FY 2021, the HB 2 modified budget for DLI was approximately \$86.5 million and the department expended \$80.4 million or 92.9%. The majority of the department's budget is state special revenue used for personal services.

OTHER ISSUES

Information Technology Project Expenditures



Project	Original Budget	Revised Budget	Change from Original Budget
ERD Integrated Case Management (ICM) System - Phase 1	1,065,000	1,065,000	0.0%
ERD Integrated Case Management (ICM) System - Phase 2	885,000	790,000	-10.7%
WSD CASES Integrated Case Management System	1,550,000	1,550,000	0.0%

Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
ERD Integrated Case Management (ICM) System - Phase 1	10/1/2019	1/31/2021	N/A	0.0%
ERD Integrated Case Management (ICM) System - Phase 2	1/4/2021	11/30/2021	3/31/2022	36.7%
WSD CASES Integrated Case Management System	7/1/2020	9/30/2021	3/1/2022	33.3%

- Employment Relations Division Integrated Case Management System Phase 1
 - The first phase of this project is to establish an appropriate platform to allow staff in the Employment Relations Division to process registrations, perform inspections, investigations, audits, and mediations, manage claims, and collect on fines and penalties in a single system. Phase 1 of this project has been completed as of January 31, 2021
- Employment Relations Division 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 Employment Relations Division Compliance and

Investigation Bureau. This project is currently 30.0% complete with an initial estimated delivery date of November 30, 2021. This delivery date has been revised to March 31, 2022 and reduced the budget by \$95,000

- Workforce Services Division CASES Integrated Case Management System
 - This project is to update software and invest in a case management commercial-off-the-shelf solution to be integrated into the MontanaWorks platform while meeting the Workforce Innovation & Opportunity Act requirements. Additionally, this product will be tailored to Montana's specific workflow and business needs. This project is approximately 50.0% complete with a revised delivery date of March 1, 2022