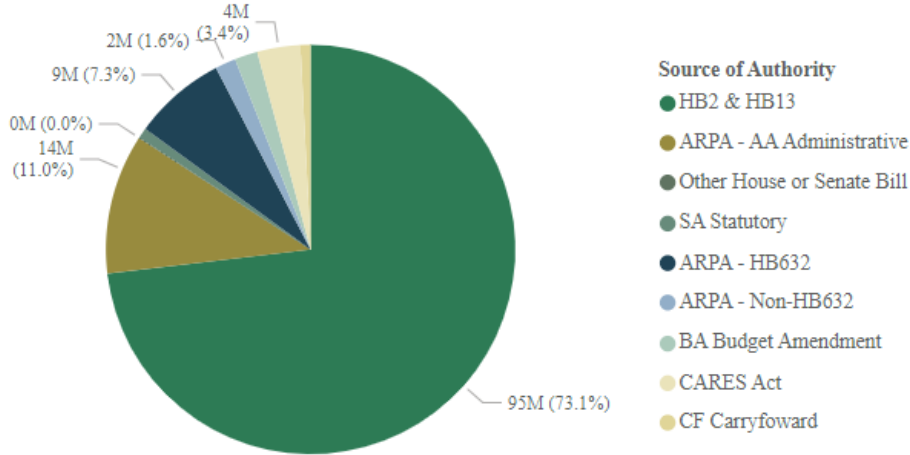


DEPARTMENT OF LABOR AND INDUSTRY (DOLI)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Labor and Industry is shown in the pie chart below. HB 2 and HB 13 provide 73.1% 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	% Expended
HB2 & HB13	94,811,048	31,340,938	33.1%
BA Budget Amendment	2,352,810	151,902	6.5%
CF Carryforward	1,040,028	0	0.0%
Other House or Senate Bill	48,000	0	0.0%
SA Statutory	1,074,446	468,617	43.6%
CARES	4,415,568	55,930	1.3%
ARPA	25,902,844	5,899,312	22.8%
Total	129,644,744	37,916,699	29.2%

Budget Amendments

For FY 2024, the Department of Labor and Industries (DOLI) budget includes \$2.4 million in budget amendment authority. This authority includes federal authority for workforce development grants, Supplemental Nutrition Assistance Employment and Training Program (SNAP) grants, Disaster Unemployment Assistance (DUA) benefits, on-site consultations for Occupational Safety and Health Administration grants, and the State Appraiser Regulatory Agency Support grant. The largest budget amendment authority is for a workforce development grant called the Partners for Reentry Opportunities in Workforce Development award. This authority consists of \$1.8 million in FY 2024 and will remain available until the end of September in 2027. As of the end of November 2023, the Department of Labor and Industry has expended \$152,000 or 6.5% of budget amendment authority.

Carryforward

Carryforward authority in FY 2024 for the Department of Labor and Industry totals \$1.0 million from FY 2022 authority. The majority of the carryforward authority is from the employment security account, a state special revenue account that receives funds from an administrative assessment against the payroll of Montana employers. As of the end of November 2023, the Department of Labor and Industry has not expended any carryforward authority. This authority will remain available until the end of the fiscal year and the agency plans to use this authority to assist the Unemployment Insurance Division and the Employment Standards Division.

Other Bills

The Department of Labor and Industry has \$48,000 general fund authority for HB 346, to administer teacher professional development in the tribal computer programming boost scholarship program. The department is responsible for providing funding for at least two high school teachers and one kindergarten through 8th grade teacher on each of the seven Indian reservations in Montana and in schools serving members of the Little Shell Chippewa tribe. No expenditures have been made to date as these trainings will be mostly conducted during the summer months.

Statutory Appropriations

Statutory appropriations account for less than 1.0% of the Department of Labor and Industry's total FY 2024 budget. Of the approximately \$1.1 million budgeted in FY 2024, \$469,000 or 43.6% was 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 full workers' compensation benefits. This fund receives revenues from the department's collection of penalties from uninsured employers. For FY 2024, \$475,000 was appropriated for the UEF, of which \$301,000 or 63.4% has been expended.

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 \$376,000 was appropriated in FY 2024, and \$93,000 or 24.9% 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 2024, \$124,000 was appropriated, and \$47,000 or 37.8% has been expended.

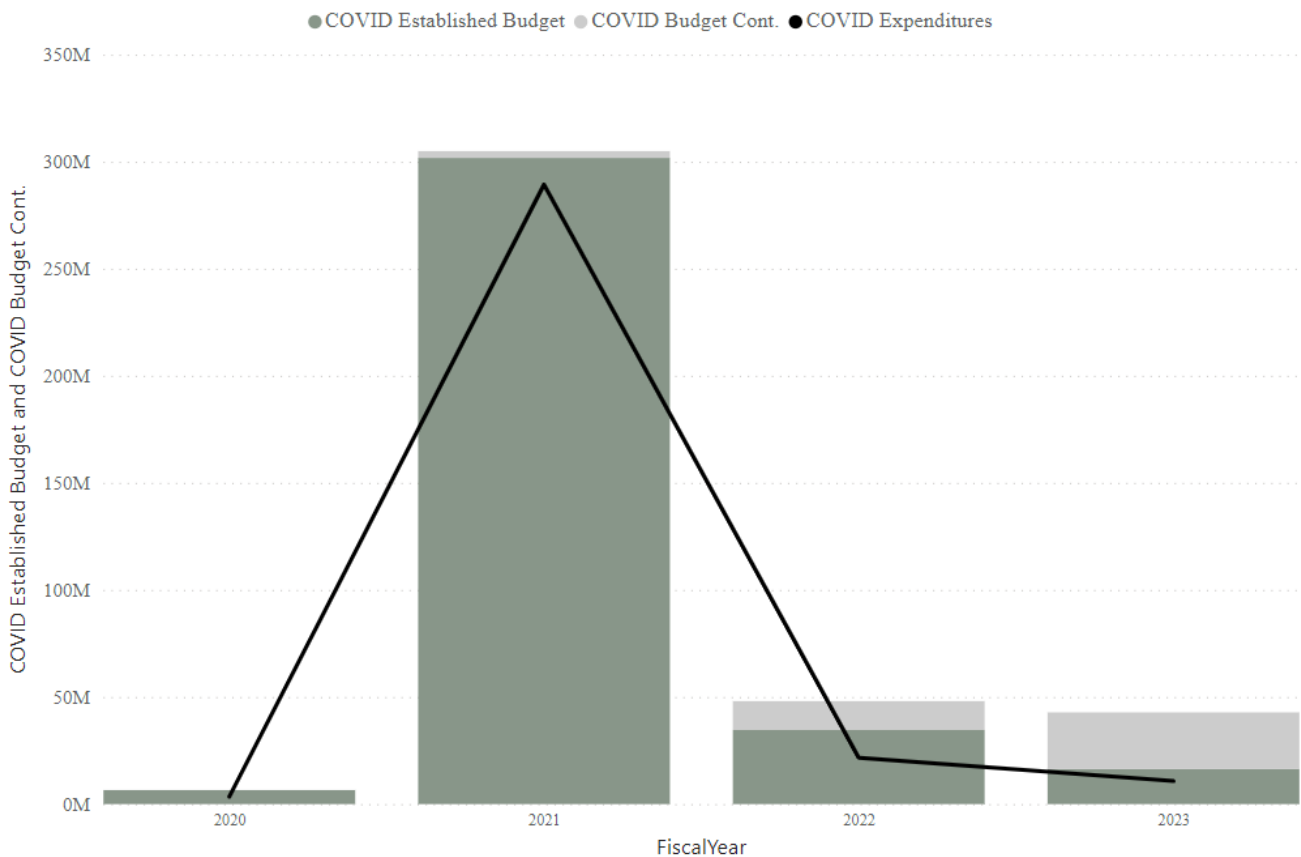
Board of Real Estate Appraisers (2-15-1758, MCA)

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 \$100,000 that was appropriated in FY 2024, \$27,000 or 27.4% has been expended.

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 \$313.1 million and expended \$306.4 million or 97.9% 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. The remaining authority is primarily for the administration and payment of pandemic related unemployment insurance programs. Approximately \$6.7 million remained at the 2023 FYE primarily for pandemic unemployment insurance programs, which will expire June 30, 2024.

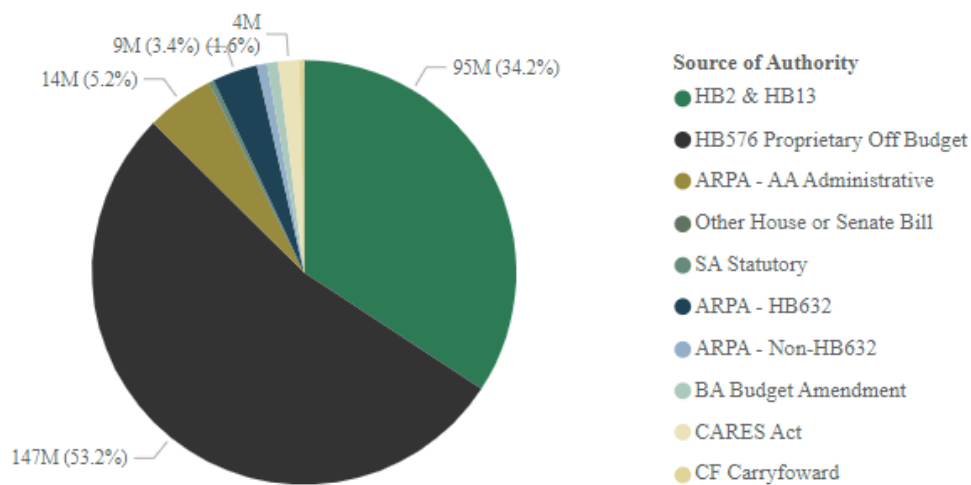
In the CARES Act II, implemented through HB 630, \$5.3 million was appropriated to DOLI for the administration of the Unemployment Insurance Division and federal unemployment insurance benefit program. Approximately \$2.4 million was made available to DOLI and it was entirely expended by the 2023 FYE. These funds expired on June 30, 2023, at which time the remaining \$2.9 million was never made available to the agency.

The American Rescue Plan Act (ARPA) provided approximately \$42.3 million to the Department of Labor and Industry. The initial appropriation included \$5.5 million for the Office of Community Services (only \$1.8 million was awarded) and \$5.2 million (only \$1.5 million was awarded) for unemployment insurance administration, which was appropriated through HB 632. From the coronavirus state and local fiscal recovery funds, the Workforce Services Division received \$15.0 million for return-to-work bonuses, \$10.0 million for the Rapid Retraining Program (\$2.0 million went to the Department of Public Health and Human Services), and \$2.0 million for the Individuals with Disabilities Employment Engagement Program (went to DPHHS). 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, at the end of the return-to-work program, DOLI returned \$6,985,200 of unspent authority to the Office of Budget and Program Planning (OBPP). DOLI reimbursed 137 healthcare workers under this program for a total of \$1.0 million expended. As of December 1, 2023, \$22.2 million has been expended and \$20.0 million remains available with various end dates as far out as June 30, 2025.

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 & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	94,811,048	31,340,938	33.1%
BA Budget Amendment	2,352,810	151,902	6.5%
CF Carryforward	1,040,028	0	0.0%
HB576 Proprietary Off Budget	147,344,783	37,990,979	25.8%
Other House or Senate Bill	48,000	0	0.0%
SA Statutory	1,074,446	468,617	43.6%
CARES	4,415,568	55,930	1.3%
ARPA	25,902,844	5,899,312	22.8%
Total	276,989,527	75,907,678	27.4%

Non-budgeted Proprietary Fund Authority

The Department of Labor and Industry has approximately \$147.3 million in non-budgeted proprietary funding for FY 2024, of which \$38.0 million or 25.8% was expended. The unemployment insurance (UI) tax benefit fund, which distributes UI benefits to claimants, makes up \$125.0 million of the non-budgeted proprietary funding. Remaining authority is for the Commissioner’s Office/Centralized Services Division, subsequent injury trust fund, Technology Services Division, and the Montana Career Information System. The table below shows the budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary funds for FY 2024.

Department of Labor and Industry Non-Budgeted Proprietary Funds FY 2024				
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
Montana Career Information System	8,594	-	8,594	0.0%
Unemployment Insurance Benefit Fund	125,000,000	29,772,169	95,227,831	19.1%
Commissioner's Office/Centralized Services Division	5,357,141	1,911,261	3,445,880	35.7%
Legal Administration Services	3,364,692	1,221,412	2,143,280	36.3%
Subsequent Injury Trust Fund	1,528,376	440,159	1,088,217	28.8%
Technical Services	4,776,839	1,174,311	3,602,528	24.6%
Technical Services Direct	7,309,141	3,471,667	3,837,474	47.5%
Total	<u>147,344,783</u>	<u>37,990,979</u>	<u>109,353,804</u>	<u>25.8%</u>

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 July 1, 2023 through November 30, 2023. 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	HB 2 Budget	Modified Budget	Net Modifications
Labor & Industry	94,811,048	94,811,048	0
01 WORKFORCE SERVICES DIVISION	29,685,272	30,546,181	860,909
02 UNEMPLOYMENT INSURANCE DIV	19,058,216	18,638,274	-419,942
03 COMMISSIONERS OFFICE & CSD	1,695,376	1,589,997	-105,379
05 EMPLOYMENT STANDARDS DIVISION	39,217,412	38,991,324	-226,088
07 OFFICE OF COMMUNITY SERVICES	4,295,662	4,296,231	569
09 WORKERS COMPENSATION COURT	859,110	749,041	-110,069
Total	94,811,048	94,811,048	0

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	51,446,734	51,646,734	200,000
62000 Operating Expenses	30,405,777	30,201,787	-203,990
63000 Equipment & Intangible Assets	2,783,849	2,783,849	0
66000 Grants	9,415,792	9,415,792	0
67000 Benefits & Claims	100,389	100,389	0
68000 Transfers-out	417,333	417,333	0
69000 Debt Service	241,174	245,164	3,990
Total	94,811,048	94,811,048	0

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	2,647,404	2,647,404	0
02 State/Other Spec Rev	57,988,408	57,988,408	0
03 Fed/Other Spec Rev	34,175,236	34,175,236	0
Total	94,811,048	94,811,048	0

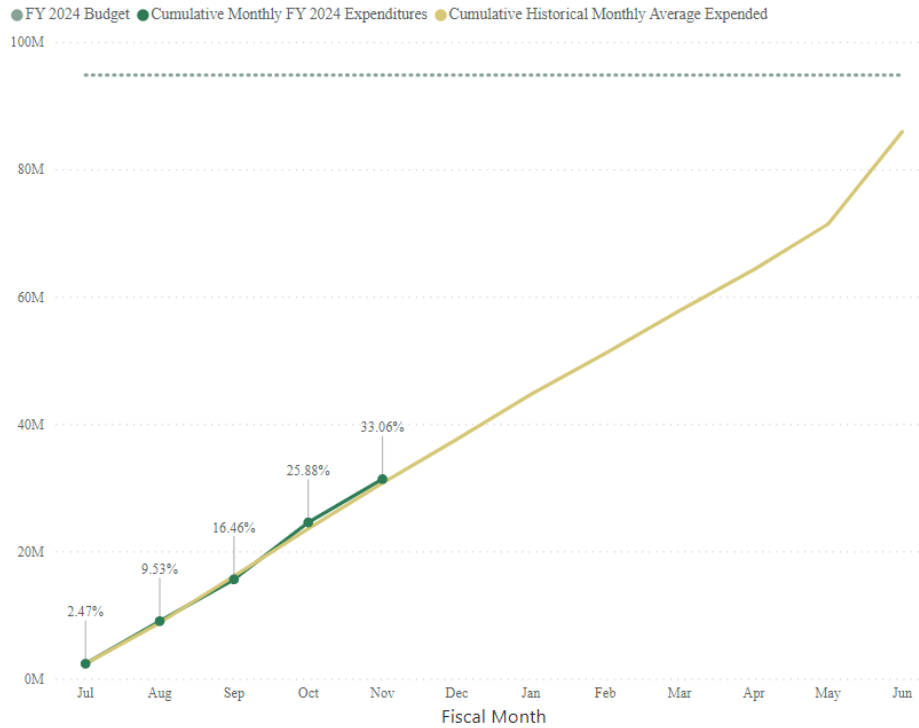
The Department of Labor and Industry has made three budget modifications to its FY 2024 budget since June 1, 2023. The largest of these modifications is a reorganization of 15.00 FTE. During the 2023 Legislative Session, the legislature passed a change package which removed 40.00 FTE from the Workforce Services Division. The agency anticipated redistributing this FTE reduction following the 2023 Legislative Session. This reorganization reestablishes 15.00 FTE and \$830,000 in the Workforces Services Division by reducing 8.00 FTE in the Unemployment Insurance Division, 5.00 FTE in the Employment Standards Division, and 2.00 FTE in the Workers Compensation Court.

The 2023 Legislature also passed an inflationary adjustment that was placed in the Commissioner's Office/Centralized Services Division. Language in HB 2 allows the agency to redistribute this increase in funding across other divisions as the agency sees fit. Therefore, the agency redistributed authority across its divisions by reducing the Commissioner's Office/CSD budget and increasing all other division budgets. Lastly, the Department of Labor and Industry had an operating plan transfer of \$200,000 to personal services and approximately \$4,000 to debt services from operating expenses to properly record expenditures.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2023.

Monthly Expenditures Compared to Historical Average



Fund Type	Modified Budget	Expended Budget	% Expended
01 General	2,647,404	997,318	37.7%
02 State/Other Spec Rev	57,988,408	20,296,297	35.0%
03 Fed/Other Spec Rev	34,175,236	10,047,323	29.4%
Total	94,811,048	31,340,938	33.1%

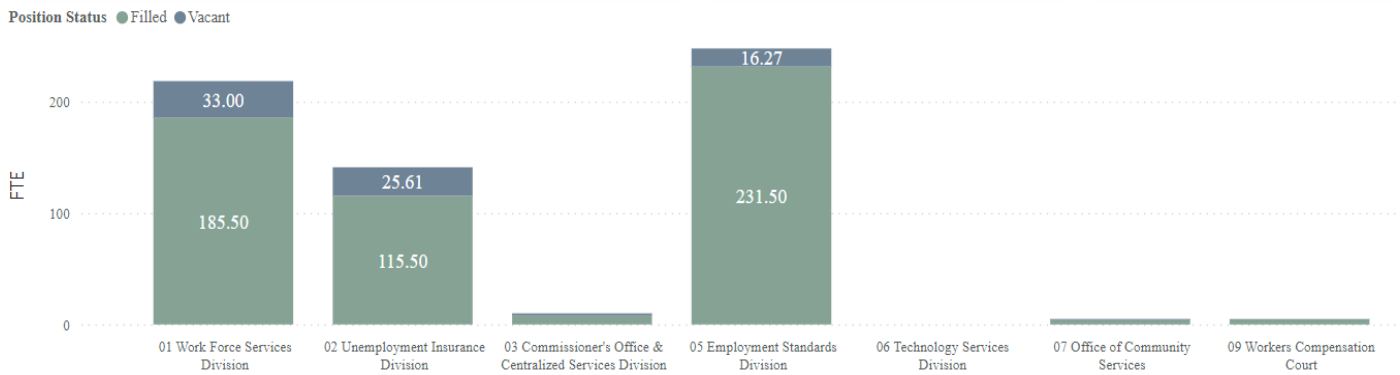
Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	51,646,734	19,138,775	37.1%
Operating Expenses	30,201,787	9,179,648	30.4%
Equipment & Intangible Assets	2,783,849	69,289	2.5%
Grants	9,415,792	2,125,411	22.6%
Benefits & Claims	100,389	8,400	8.4%
Transfers-out	417,333	122,958	29.5%
Debt Service	245,164	696,457	284.1%
Total	94,811,048	31,340,938	33.1%

Program Name	Modified Budget	Expended Budget	% Expended
01 WORKFORCE SERVICES DIVISION	30,546,181	9,925,536	32.5%
02 UNEMPLOYMENT INSURANCE DIV	18,638,274	5,963,176	32.0%
03 COMMISSIONERS OFFICE & CSD	1,589,997	444,271	27.9%
05 EMPLOYMENT STANDARDS DIVISION	38,991,324	13,764,323	35.3%
07 OFFICE OF COMMUNITY SERVICES	4,296,231	964,197	22.4%
09 WORKERS COMPENSATION COURT	749,041	279,435	37.3%
Total	94,811,048	31,340,938	33.1%

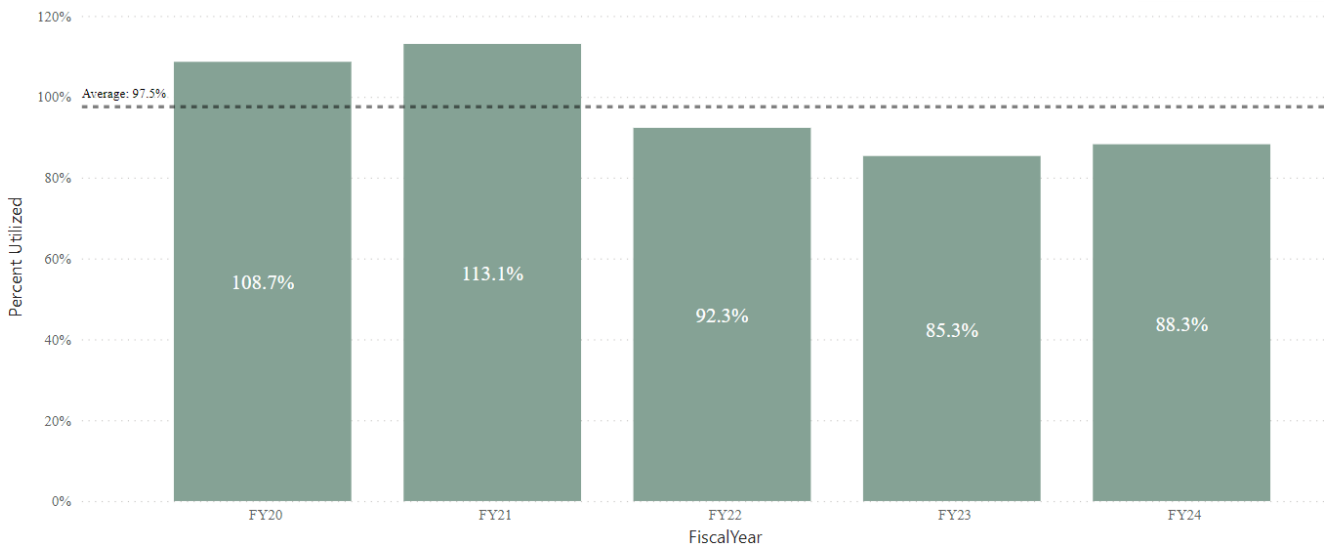
The Department of Labor and Industry has expended 33.1% of its HB 2 appropriation authority in FY 2024. Expenditures were primarily for personal services and operating expenses. Approximately, 61.2% of the Department of Labor and Industry’s budget is from state special revenue authority. Low expenditures in the Office of Community Services are due to the Conservation Corps grant funding being moved to a direct grant from the federal government. This change has reduced the grant awards from the Office of Community Services. Lower expenditures for equipment and intangible assets are due to no expenditures being made for the equipment replacement in the Weights and Measures Program. Expenditures for the Weights and Measures equipment replacement are anticipated to start during the winter months and continue through FY 2025.

Personal Services

Appropriations for personal services in the Department of Labor and Industry total \$51.6 million and are 37.1% expended through November 30, 2023. The department has 629.48 HB 2 FTE and 87.6% of these positions are filled as of November 1, 2023. The following chart shows the filled and vacant FTE within the agency as of November 1, 2023.



The chart below shows the hourly utilization percentage for the Department of Labor and Industry between July 1 and November 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 88.3% of the hours budgeted for FY 2024, as shown in the chart below. According to the department, DOLI has been experiencing difficulty hiring positions including employment specialists and claims examiners.



The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 77.88 FTE that are vacant, 20.96 FTE have been vacant for less than four months (since July 2023). As of November 1, 2023, the department was in the process of recruiting for 12 positions.

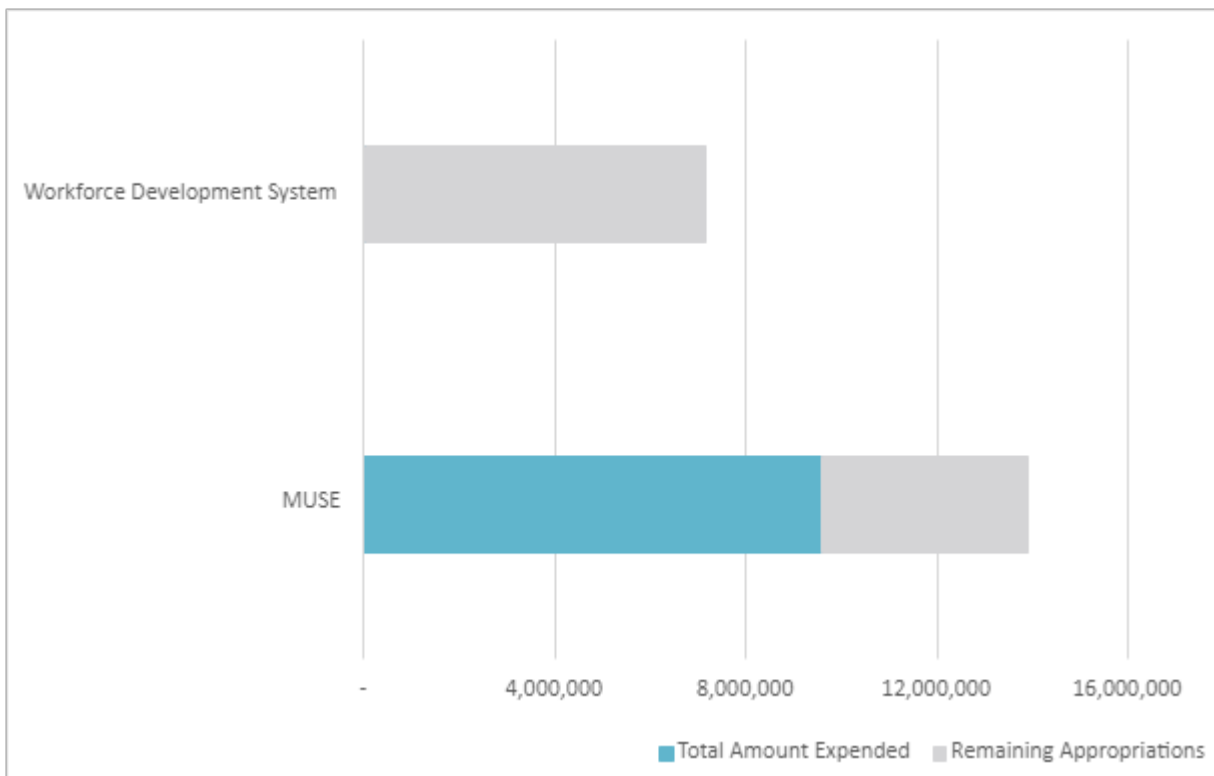
Vacant Positions Report

	FTE	Median Months Vacant	Market Midpoint (Hourly)
66020 LABOR AND INDUSTRY	76.88	4.03	28.39
01 Work Force Services Division	33.00	4.03	20.94
Accounting Technician 1	1.00	5.64	16.23
Administrative Specialist 2	4.00	3.11	34.41
Administrative Supervisor	1.00	12.30	40.00
Employment Specialist 1	20.00	4.03	20.94
Employment Specialist Supvr	1.00	21.93	23.03
Financial Manager	1.00	23.70	56.34
Program Executive	1.00	7.54	64.01
Program Manager	1.00	2.56	51.21
Program Specialist 1	1.00	2.66	27.86
Project Management Specialist3	1.00	4.03	47.69
Research Analyst 1	1.00	1.05	27.63
02 Unemployment Insurance Division	25.61	9.08	28.39
Administrative Assistant 2	1.00	0.82	18.15
Administrative Supervisor	1.00	0.59	40.00
Business Analyst 2	1.00	3.51	34.19
Business Analyst Supervisor	1.00	4.03	39.74
Claims Examiner 1	3.00	14.39	18.85
Claims Examiner 2	6.11	13.31	28.39
Claims Examiner 3	1.00	4.95	35.49
Collections Agent 2	2.00	10.00	21.95
Compliance Specialist 3	1.00	10.00	42.55
Compliance Technician 1	1.00	9.08	22.07
Customer Service Assistant 2	1.00	14.46	17.28
Legal Secretary 1	0.50	1.28	25.51
Operations Research Analyst	1.00	3.64	38.50
Program Manager	1.00	14.30	51.21
Tax Examiner 3	3.00	5.18	35.94

Trainer 2	1.00	12.82	29.91
03 Commissioner's Office & Centralized Services Division	2.00	3.00	56.98
Business Executive	1.00	2.66	75.89
Hearings Officer 1	1.00	3.34	38.08
05 Employment Standards Division	15.27	4.26	36.35
Budget Analyst Supervisor	0.81	8.16	37.29
Building Code Inspector 1	1.00	1.05	30.87
Business Analyst 2	1.00	2.33	34.19
Collections and Financial Spec	1.00	0.82	21.95
Compliance Specialist	1.00	1.28	34.04
Compliance Specialist 3	2.00	28.49	42.55
Compliance Technician 1	1.46	1.74	22.07
Mediator 1	1.00	6.33	36.95
OHSS/Trainer	1.00	3.57	34.45
Program Executive	1.00	5.87	64.01
Program Manager	2.00	49.33	51.21
Program Specialist 2	2.00	22.85	36.35
07 Office of Community Services	1.00	1.05	29.91
Trainer 2	1.00	1.05	29.91
Total	76.88	4.03	28.39

OTHER ISSUES

Information Technology Project Expenditures



Workforce Development System

The purpose of this project is to build and implement a Workforce Development Case Management System on the ServiceNow platform which will replace the legacy workforce case management system. The budget for this

project is \$7.1 million with an estimated delivery date of June 30, 2025. To date, only \$34,000 has been expended.

Unemployment Insurance Replacement Project

The Department of Labor and Industry has selected the vendor FAST to create a replacement for the current unemployment insurance technology. Work has begun on this project and the new name for the UI system will be the Montana Unemployment System Environment (MUSE). This project has a projected delivery date of January 31, 2024, and an anticipated budget of \$13.9 million. To date, \$9.6 million has been expended for this project.

Appendix A

Did the agency utilize contractors in FY 2024? If so, how much did you pay to contractors? How much of the amount paid to contractors do you estimate is due to vacant positions? If contractors were paid because of vacant positions, what are the types of vacant positions that resulted in the need for contractors?

The Department of Labor and Industry (DOLI) has used contractors in a couple of instances in FY 2024. In one case, the agency had some paralegal services in July where they hired a contractor to work on a specific issue for a short period of time; however, it wasn't related to a vacancy. DOLI paid \$4,048.80 for this paralegal service in FY 2024. In another instance, DOLI have utilized a temp agency to fill the front desk position. This is a relatively new situation, and the agency has not yet received a bill for these services. The agency did have a vacancy with this position and attempted to fill it with a permanent employee; however, this has historically been a difficult position to fill, and the agency did not have success in finding a good candidate this fall. The front desk position is paid only \$22.40/hour. At less than \$47,000 per year, this position is routinely hard to hire for and retain. The department is looking at other options to accomplish this work, so they have currently hired a temporary staff person through a temp agency.

For IT services, the agency has four current contracts in FY 2024. One of these contracts includes two individuals who have been working for DLI for several years on the old UI Mistics system and helping in the transition to MUSE. This contract is set to expire on March 31, 2024. Two contracts are for single individuals working with other DLI systems and databases. Both these have been in contracts with DLI for several years. One of these contracts will be finished on March 31, 2024, and the other is set to expire on June 30, 2024. The fourth IT contract is for maintenance services on the Acella platform. None of the IT service contracts are due to vacancies. In FY 2024, the agency has paid \$318,382.50 for these IT contracts.

How much did you pay in overtime? How much of the overtime paid do you estimate is due to vacant positions? If overtime was paid because of vacant positions, what are the types of vacant positions that resulted in the need for overtime?

DOLI has paid \$84,320 in overtime this fiscal year. About half of this is in the Employment Standards Division where the majority is due to the Weights & Measures and Building Inspection work. While the agency has had a lot of turnover in these positions, they are refilling the positions. Due to the cyclical nature of the work, the agency does have overtime during periods of the year to ensure all inspections are completed. The remainder

of the agency's overtime is not due to vacancies, but primarily due to cyclical work such as Fiscal Year End or specific projects such as the UI MUSE system where additional staff time was needed for a period of time.