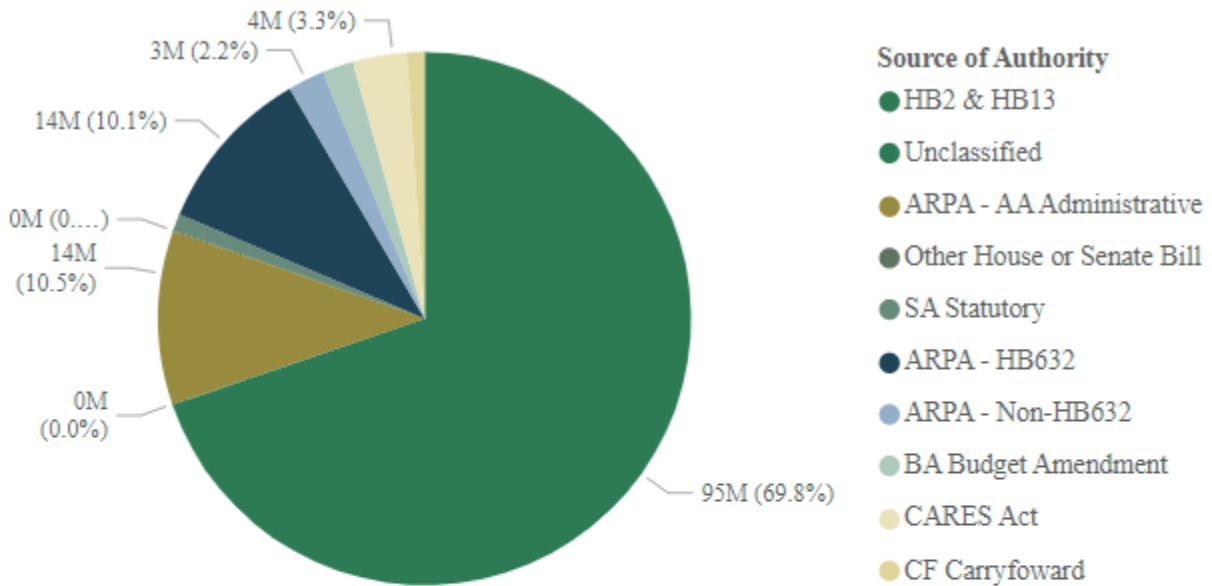


# DEPARTMENT OF LABOR AND INDUSTRY

## 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 69.8% 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	94,772,682	69,598,868	73.4%
BA Budget Amendment	2,584,710	467,630	18.1%
CF Carryforward	1,498,705	146,845	9.8%
Other House or Senate Bill	48,000		
SA Statutory	1,404,400	1,130,050	80.5%
Unclassified	39,700		
CARES	4,415,568	97,117	2.2%
ARPA	31,074,844	10,667,335	34.3%
<b>Total</b>	<b>135,838,609</b>	<b>82,107,845</b>	<b>60.4%</b>

## Budget Amendments

For FY 2024, the Department of Labor and Industry's (DOLI) budget includes \$2.6 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 portion of 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 2027. As of the end of May 2024, DOLI has expended \$468,000 or 18.1% of budget amendment authority.

## **Carryforward**

Carryforward authority in FY 2024 for the Department of Labor and Industry totals \$1.5 million, including \$1.0 million from FY 2022 and \$459,000 from FY 2023. This authority is spread across multiple divisions within the agency. Regarding the Carryforward Authority from FY 2022, the agency is currently working to expend this authority in two different areas. Within a pending budget change document, the agency will move expenditures from the Montana Unemployment System Environment (MUSE) to utilize \$813,000 of this funding. The agency is also awaiting notification of award on two federal grants. Once this notification occurs, adjustments will be made to expend the remaining carryforward authority. This authority will remain available until the end of the fiscal year within the Unemployment Insurance Division and the Employment Standards Division. The department has expended \$147,000, or 9.8% of their total carryforward authority to date.

## **Other Bills**

The Department of Labor and Industry has \$48,000 general fund authority from HB 346. This funding is for administering 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 8<sup>th</sup> 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. The agency expects determinations for these grants to be made by FYE 2024, with distributions being made at the beginning of FY 2025.

## **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 \$1.4 million budgeted in FY 2024, \$1.1 million or 80.5% has been expended. Further discussion of statutory appropriations is provided 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, \$805,000 was appropriated from the UEF, of which \$780,000 or 96.8% 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 \$246,000 or 65.4% 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 that the Department of Labor and Industry 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 \$52,000 or 42.4% 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, \$52,000 or 52.3% has been expended.

### **Unclassified**

The Department of Labor and Industry has unclassified appropriation authority of \$39,700 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

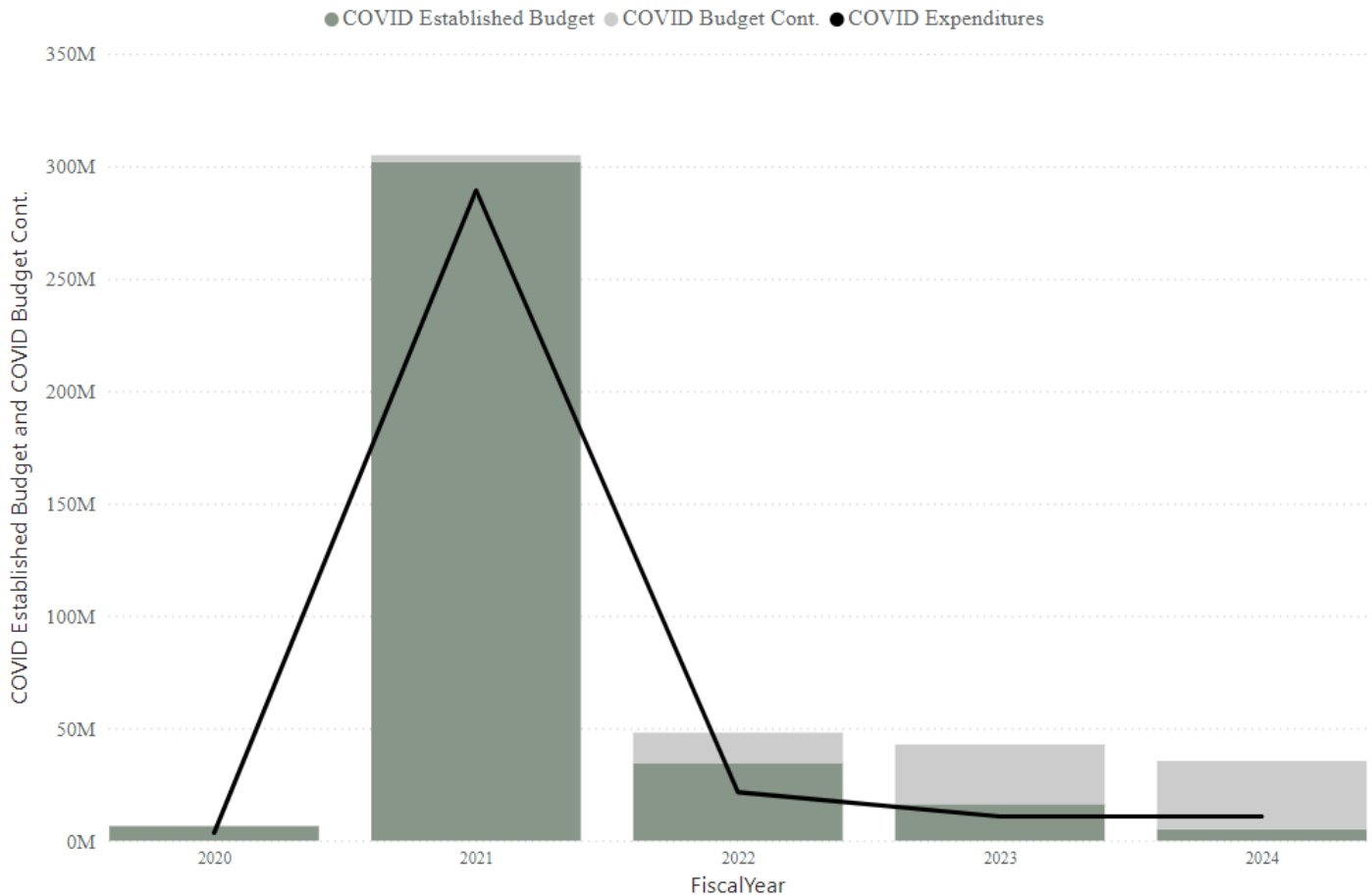
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

## 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 \$4.4 million in CARES Act I funding remains in FY 2024 with this funding set to expire June 30, 2024.

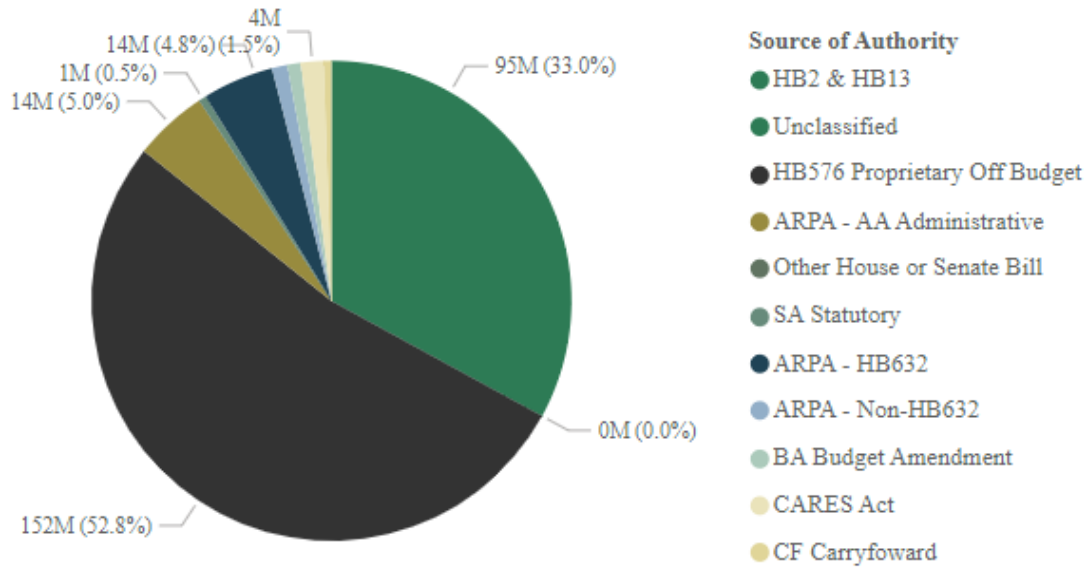
In the CARES Act II, implemented through HB 630 of the 2021 Legislature, \$5.3 million was appropriated to DOLI for the administration of the Unemployment Insurance Division and federal unemployment insurance benefit program. Approximately \$2.4 million was made available to DOLI, and it was entirely 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. There are no CARES Act II appropriations in FY 2024.

The American Rescue Plan Act (ARPA) provided approximately \$47.5 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 \$7.0 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. The agency also received \$8.0 million in ARPA funding with an extended expiration. This funding will be used over the span of five years in two different areas within the support for the implementation of service packs, as well as FHS-AWS program. As of May 31, 2024, \$27.0 million has been expended of the total ARPA funding, with \$20.5 million still available through expiration dates that extend as far out as September 30, 2028.

## 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	94,772,682	69,601,926	73.4%
BA Budget Amendment	2,584,710	467,630	18.1%
CF Carryforward	1,498,705	146,845	9.8%
HB576 Proprietary Off Budget	151,686,695	132,394,654	87.3%
Other House or Senate Bill	48,000	48,000	100.0%
SA Statutory	1,404,400	1,130,050	80.5%
Unclassified	39,700	0	0.0%
CARES	4,415,568	97,117	2.2%
ARPA	31,074,844	10,667,335	34.3%
<b>Total</b>	<b>287,525,304</b>	<b>214,505,558</b>	<b>74.6%</b>

## Non-Budgeted Proprietary Fund Authority

The Department of Labor and Industry has approximately \$151.7 million in non-budgeted proprietary funding for FY 2024, of which \$132.4 million or 87.3% has been expended. The unemployment insurance (UI) tax benefit fund, which distributes UI benefits to claimants, makes up \$130.0 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 as of May 31, 2024				
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
Montana Career Information Systems	\$ 8,594	\$ 875	\$ 7,719	10.2%
Unemployment Insurance Benefit Fund	130,000,000	115,909,648	14,090,352	89.2%
Subsequent Injury Trust Fund	1,528,376	958,873	569,503	62.7%
Commissioner's Office/Centralized Services Division	5,356,652	4,260,116	1,096,536	79.5%
Legal Administrative Services	3,459,270	2,804,371	654,899	81.1%
Technical Services	4,024,662	2,605,297	1,419,365	64.7%
Technical Services Direct	7,309,141	5,855,474	1,453,667	80.1%
<b>Total</b>	<b>\$ 151,686,695</b>	<b>\$ 132,394,654</b>	<b>\$ 19,292,041</b>	<b>87.3%</b>

## 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 March 1, 2024, through May 31, 2024. 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
<b>Labor &amp; Industry</b>	<b>94,772,682</b>	<b>94,772,682</b>	<b>0</b>
01 WORKFORCE SERVICES DIVISION	30,534,984	30,909,984	375,000
02 UNEMPLOYMENT INSURANCE DIV	18,631,831	18,269,219	-362,612
03 COMMISSIONERS OFFICE & CSD	1,589,245	1,589,245	0
05 EMPLOYMENT STANDARDS DIVISION	38,972,159	38,972,159	0
07 OFFICE OF COMMUNITY SERVICES	4,295,852	4,283,464	-12,388
09 WORKERS COMPENSATION COURT	748,611	748,611	0
<b>Total</b>	<b>94,772,682</b>	<b>94,772,682</b>	<b>0</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	51,608,368	51,408,368	-200,000
62000 Operating Expenses	30,153,787	29,291,473	-862,314
63000 Equipment & Intangible Assets	2,783,849	2,783,849	0
66000 Grants	8,845,792	8,845,792	0
67000 Benefits & Claims	100,389	100,389	0
68000 Transfers-out	987,333	987,333	0
69000 Debt Service	293,164	1,355,478	1,062,314
<b>Total</b>	<b>94,772,682</b>	<b>94,772,682</b>	<b>0</b>

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	2,646,116	2,646,116	0
02 State/Other Spec Rev	57,963,280	57,963,280	0
03 Fed/Other Spec Rev	34,163,286	34,163,286	0
<b>Total</b>	<b>94,772,682</b>	<b>94,772,682</b>	<b>0</b>

The Department of Labor and Industry made five budget modifications between March 1, 2024, and May 31, 2024. Details of these budget modifications include:

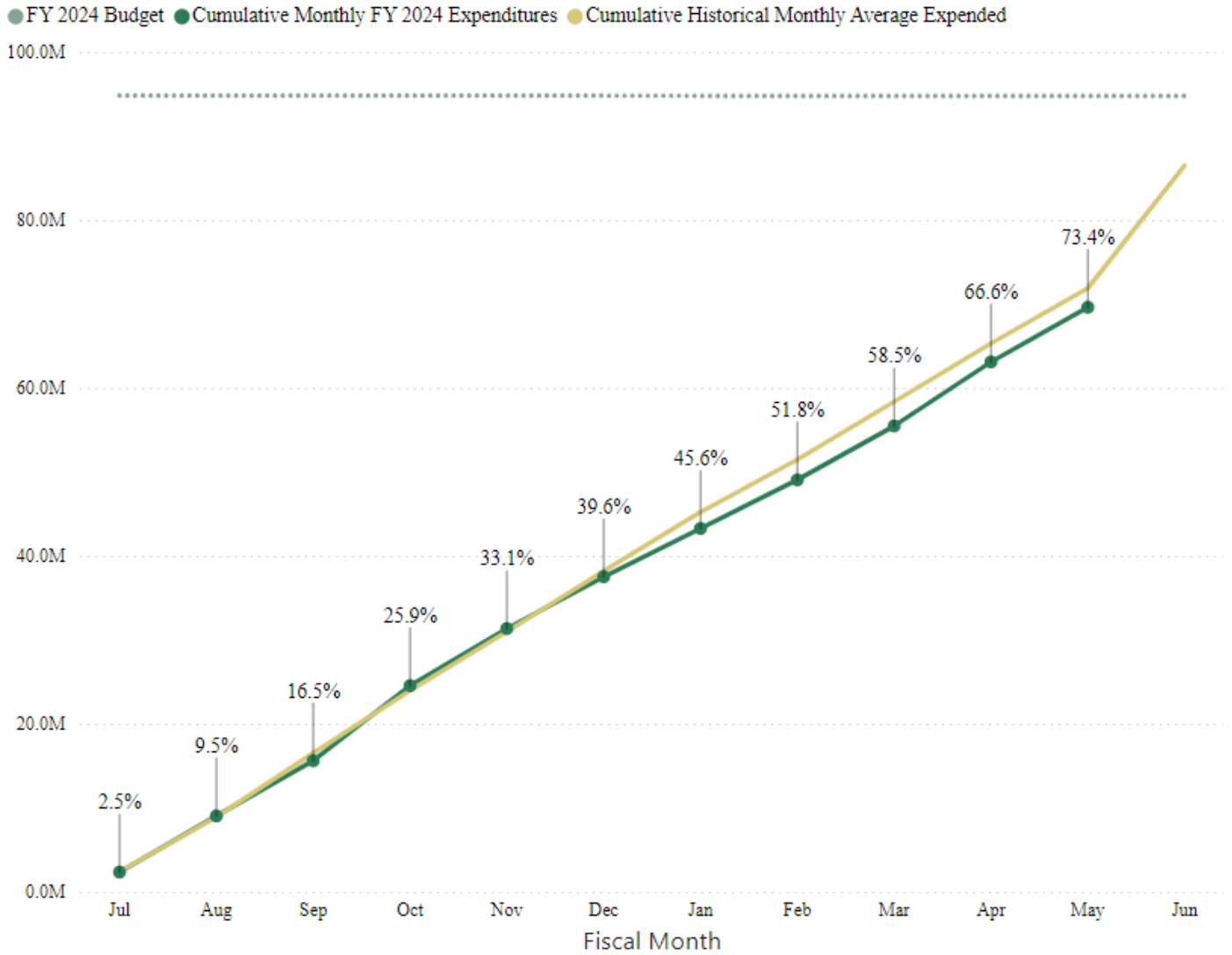
- The first budget modification, illustrated in the program table of the above graphic, is a program transfer from the Unemployment Services Division to the Workforce Services Division (WSD). As the Re-Employment Services & Eligibility Assessment (RESEA) grant increased, the WSD required additional appropriation authority to utilize this. This transfer was made entirely within personal service budgets
- Another budget modification was executed to transfer appropriation from the Office of Community Services into the Unemployment Insurance Division. In this transfer, the agency moved state special revenue funding within operating expenses
- The next budget modification from the agency was done to correct a previous modification. This correction was done to reallocate funds from the personal service expenditures into operating expenses. In doing so, the agency is now able to full utilize the projected revenue coming into the unemployment insurance penalty & interest fund
- The final two budget modifications were both executed in order to move funding from operating expenses to debt service to properly record building lease payments, per governmental accounting rules. These modifications were made in the Employment Standard Division and the Workforce Services Division



## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 31, 2024.

### Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
☐ 01 WORKFORCE SERVICES DIVISION	30,909,984	21,624,953	70.0%
☐ 02 UNEMPLOYMENT INSURANCE DIV	18,269,219	12,672,199	69.4%
☐ 03 COMMISSIONERS OFFICE & CSD	1,589,245	928,330	58.4%
☐ 05 EMPLOYMENT STANDARDS DIVISION	38,972,159	31,292,573	80.3%
☐ 07 OFFICE OF COMMUNITY SERVICES	4,283,464	2,453,149	57.3%
☐ 09 WORKERS COMPENSATION COURT	748,611	627,664	83.8%
<b>Total</b>	<b>94,772,682</b>	<b>69,598,868</b>	<b>73.4%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
▲ ☐ Personal Services	51,408,368	42,602,904	82.9%
☐ Operating Expenses	29,291,473	20,103,970	68.6%
☐ Equipment & Intangible Assets	2,783,849	284,464	10.2%
☐ Grants	8,845,792	4,903,186	55.4%
☐ Benefits & Claims	100,389	16,800	16.7%
☐ Transfers-out	987,333	420,721	42.6%
☐ Debt Service	1,355,478	1,266,824	93.5%
<b>Total</b>	<b>94,772,682</b>	<b>69,598,868</b>	<b>73.4%</b>

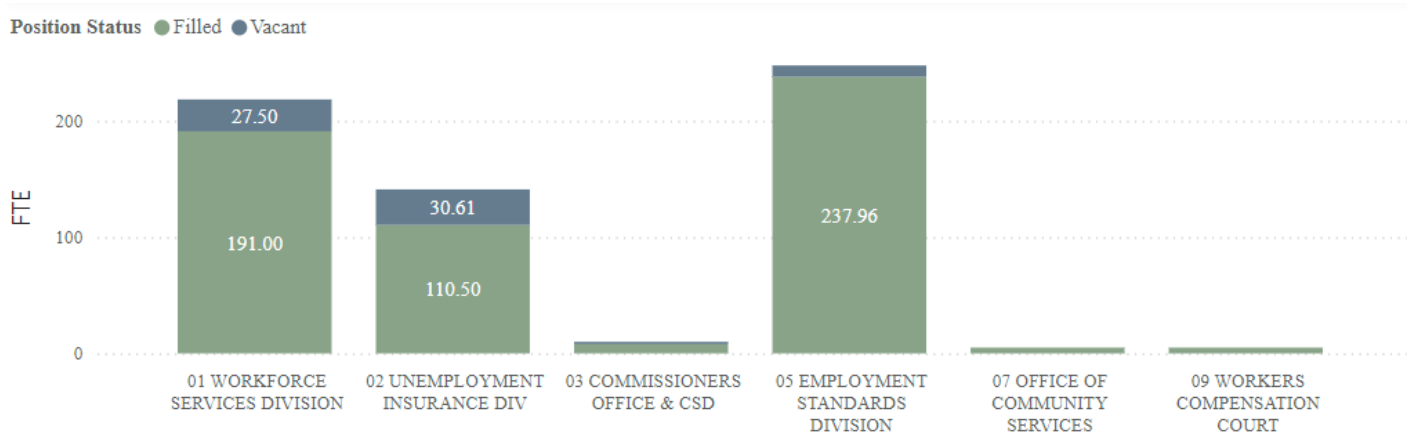
  

Fund Type	Modified Budget	Expended Budget	% Expended
▲ ☐ 01 General	2,646,116	2,259,308	85.4%
☐ 02 State/Other Spec Rev	57,963,280	42,618,561	73.5%
☐ 03 Fed/Other Spec Rev	34,163,286	24,720,999	72.4%
<b>Total</b>	<b>94,772,682</b>	<b>69,598,868</b>	<b>73.4%</b>

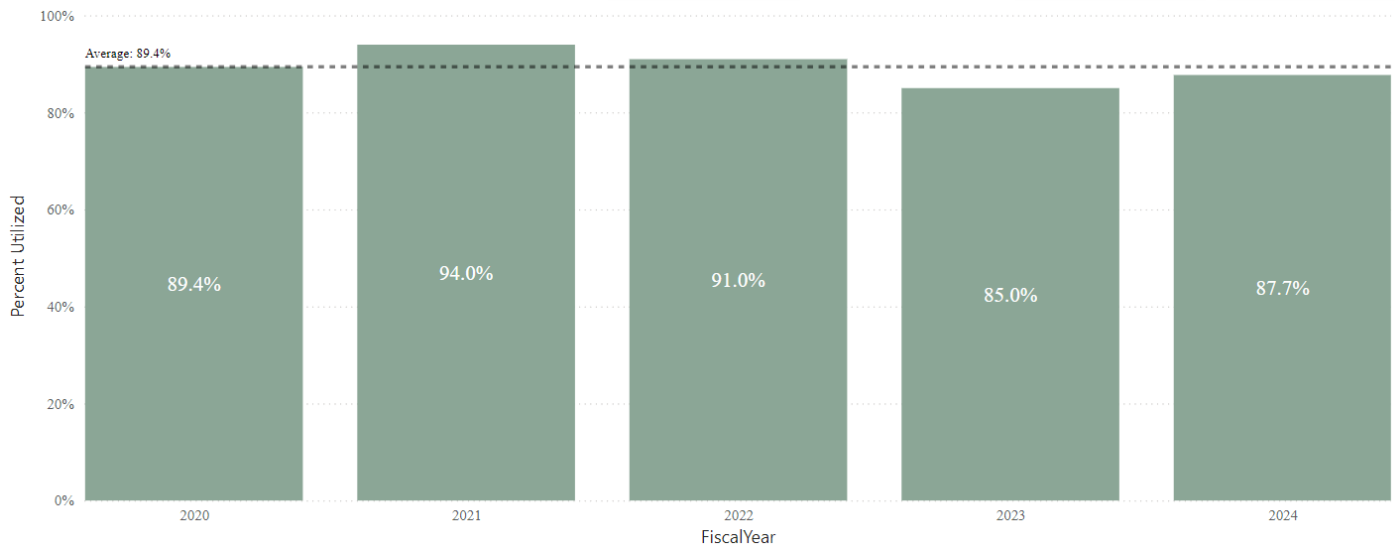
The Department of Labor and Industry has expended 73.4% of its HB 2 appropriation authority in FY 2024. Expenditures were primarily for personal services and operating expenses. Approximately 61.2% of DOLI's HB 2 budget is from state special revenue authority. Within the equipment & intangible assets expenditure type is a one-time-only appropriation of \$2.3 million for the Weights and Measures Program equipment replacement. The agency has ordered replacement equipment but has yet to be invoiced for these orders.

## Personal Services

Appropriations for personal services in the Department of Labor and Industry total \$51.4 million and are 82.9% expended through the end of May 2024. The department has 627.38 HB 2 FTE and 88.9% of these positions are filled as of May 1, 2024. The following chart shows the filled and vacant FTE within the agency as of May 1, 2024.



The chart below shows the hourly utilization percentage for the Department of Labor and Industry between July 1 and May 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 87.7% of the hours budgeted for this time-period in FY 2024.



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 69.92 FTE that are vacant, 27.92 FTE have been vacant for more than one year with 3.00 FTE being vacant for more than four years. Regarding the vacancies which extend to four years, the agency is currently working to determine the future status and need of these positions. The determination to be made is whether the elimination of these positions can be proposed to the legislature, or if these positions can be utilized within other areas of the department. The remaining extended vacancies are those that have been vacant over one year. DOLI holds the existing vacant FTE, and those that become so, in order to comply with vacancy savings requirements.

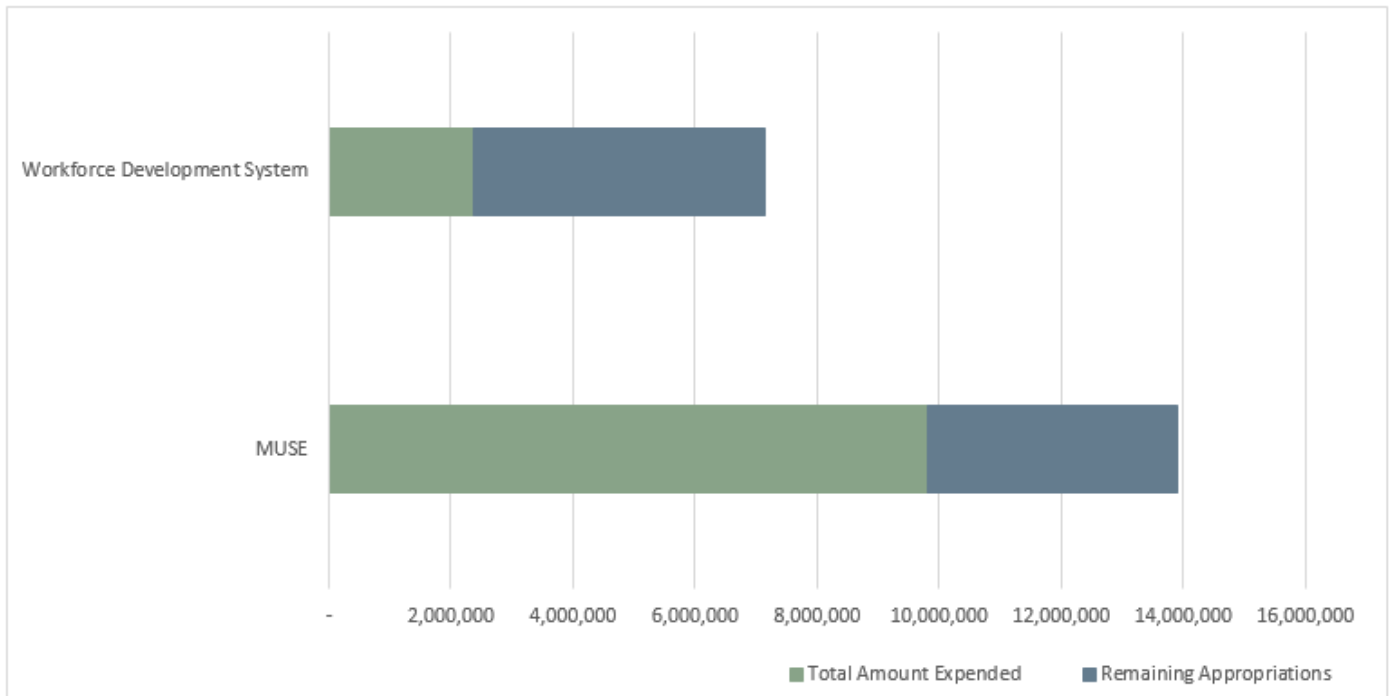
Within the Unemployment Insurance (UI) Division, the agency is looking to procure services to complete a program assessment. The goal of this action will be to identify efficiencies within new system capabilities and/or redirect resources to supplement the highlighted needs. Vacancies within the division are currently being held vacant until this assessment is complete and future needs are identified. According to the agency, this assessment is being completed to reiterate the focus of the program, while aiding in the mitigation of non-compliance risk on the state and federal level. This assessment will also serve to ensure state resources are aligned with the intention of the legislature.

## Vacant Positions Report

	FTE	Median Months Vacant	Market Midpoint (Hourly)
⊖ <b>66020 LABOR AND INDUSTRY</b>	<b>69.92</b>	<b>10.00</b>	<b>28.39</b>
⊖ <b>01 WORKFORCE SERVICES DIVISION</b>	<b>27.50</b>	<b>9.77</b>	<b>21.98</b>
Administrative Specialist 1	1.00	4.03	26.38
Administrative Specialist 2	4.00	8.62	34.41
Administrative Supervisor	1.00	18.26	40.00
Employment Specialist 1	13.50	10.00	20.94
Employment Specialist Supvr	2.00	14.82	23.03
Financial Manager	1.00	29.67	56.34
Program Executive	1.00	13.51	64.01
Program Manager	1.00	1.28	51.21
Program Specialist 1	1.00	8.62	27.86
Project Management Specialist2	1.00	3.34	38.15
Research Analyst 1	1.00	7.02	27.63
⊖ <b>02 UNEMPLOYMENT INSURANCE DIV</b>	<b>30.61</b>	<b>10.46</b>	<b>28.39</b>
Administrative Assistant 2	1.00	6.79	18.15
Administrative Supervisor	1.00	6.56	40.00
Budget Analyst	1.00	0.36	33.52
Business Analyst 2	1.00	9.48	34.19
Business Analyst Supervisor	1.00	10.00	39.74
Claims Examiner 1	3.00	7.70	18.85
Claims Examiner 2	8.11	12.75	28.39
Claims Examiner 3	1.00	10.92	35.49
Collections Agent 2	3.00	15.97	21.95
Compliance Specialist 3	1.00	15.97	42.55
Compliance Technician 1	1.00	15.05	22.07
Customer Service Assistant 2	1.00	20.43	17.28
Finance All Other	1.00	5.80	23.11
Legal Secretary 1	0.50	7.25	25.51
Operations Research Analyst	1.00	9.61	38.50
Program Manager	1.00	20.26	51.21
Tax Examiner 3	3.00	11.15	35.94
Trainer 2	1.00	18.79	29.91
⊖ <b>03 COMMISSIONERS OFFICE &amp; CSD</b>	<b>2.00</b>	<b>8.97</b>	<b>56.98</b>
Business Executive	1.00	8.62	75.89
Hearings Officer 1	1.00	9.31	38.08
⊖ <b>05 EMPLOYMENT STANDARDS DIVISION</b>	<b>9.81</b>	<b>13.21</b>	<b>39.92</b>
Budget Analyst Supervisor	0.81	14.13	37.29
Compliance Specialist 1	1.00	5.87	26.76
Compliance Specialist 3	2.00	34.46	42.55
Mediator 1	1.00	12.30	36.95
Program Executive	1.00	11.84	64.01
Program Manager	2.00	55.30	51.21
Program Specialist 1	1.00	1.05	27.86
Program Specialist 2	1.00	50.85	36.35
<b>Total</b>	<b>69.92</b>	<b>10.00</b>	<b>28.39</b>

## 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. This project is currently in progress and progressing as anticipated with the projected implementation date of August 2024. The budget for this project is \$7.1 million, and \$2.4 million has been expended.

#### ***Montana Unemployment System Environment (MUSE)***

This project is the replacement of the aging unemployment insurance system within the Department of Labor and Industry. The agency currently has yet to receive the final invoices for this project and is expecting the expenses to resemble the appropriated budget more closely. This project is currently in closing and awaiting the 6-month post implementation report. The department has expended \$9.8 million of the \$13.9 million appropriation 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 paralegal services in July 2023 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 \$4,049 for this paralegal service in FY 2024. Additionally, DLI has utilized a contracted temp agency to accommodate a vacancy in the administrative assistant/accounting tech role at the front desk of the Walt Sullivan building. Between February 1, 2024, and April 30, 2024, the department has paid \$9,538 to this temp agency. This was required as the position is historically difficult to fill due to the high turnover and low wages.

**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 \$244,709 in overtime this fiscal year, of which 86% is within the Unemployment Insurance Division. Within this division, it is common to experience large amount of overtime due to seasonal claim activities throughout the winter months. Along with this, overtime has been utilized during the implementation of the new MUSE system. As stated above, the agency is currently working to identify efficiencies creating through this implementation in their program assessment.