

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|--------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 100,479,860 | 98,602,319 | (1,877,541) | (1.87)% |
| Operating Expenses | 57,089,962 | 60,879,103 | 3,789,141 | 6.64 % |
| Equipment & Intangible Assets | 1,261,968 | 3,267,698 | 2,005,730 | 158.94 % |
| Grants | 18,658,653 | 18,831,584 | 172,931 | 0.93 % |
| Benefits & Claims | 130,778 | 200,778 | 70,000 | 53.53 % |
| Transfers | 809,062 | 834,666 | 25,604 | 3.16 % |
| Debt Service | 1,438,298 | 482,348 | (955,950) | (66.46)% |
| Total Expenditures | \$179,868,581 | \$183,098,496 | \$3,229,915 | 1.80 % |
| General Fund | 4,584,458 | 5,127,856 | 543,398 | 11.85 % |
| State/Other Special Rev. Funds | 106,725,437 | 111,039,373 | 4,313,936 | 4.04 % |
| Federal Spec. Rev. Funds | 68,558,686 | 66,931,267 | (1,627,419) | (2.37)% |
| Total Funds | \$179,868,581 | \$183,098,496 | \$3,229,915 | 1.80 % |
| Total Ongoing | \$179,868,581 | \$180,760,155 | \$891,574 | 0.50 % |
| Total OTO | \$0 | \$2,338,341 | \$2,338,341 | 100.00 % |

Agency Description

The Department of Labor and Industry (DLI) serves a number of functions. In part, the Department:

- Fosters a robust Montana workforce by connecting job seekers with employment opportunities and upskilling programs, assisting individuals in preparing for and finding jobs while assisting employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts economic research and collects economic data
- Administers the unemployment insurance (UI) program, disburses unemployment benefits and facilitates employer UI contributions
- 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 professional boards of licensure 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 Standards; and 5) Technology Services Division. 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

| Department of Labor and Industry Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • The legislature adopted an increase to the Department of Labor and Industry's 2025 biennium HB 2 budget of approximately \$3.2 million or 1.8% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Increases for present law personal services, fixed cost, and inflation adjustments of \$5.3 million in the 2025 biennium ◦ A one-time-only state special revenue increase of \$2.3 million for equipment and vehicle purchases in the Weights and Measures Program in the Employment Standards Division ◦ An increase across all funds totaling \$676,000 for increased centralized services costs ◦ A \$1.7 million decrease for technology costs that have been transferred to the Department of Administration ◦ A \$4.4 million and 40.00 FTE reduction over the biennium in the Workforce Services Division due to increased efficiencies ◦ A state special revenue reduction of \$540,000 and 2.00 FTE for the HELP Link program to align with anticipated expenditures |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 668.48 | 668.48 | 629.48 | 628.98 |
| Personal Services | 46,476,574 | 49,528,819 | 50,951,041 | 49,167,565 | 49,434,754 |
| Operating Expenses | 23,785,553 | 28,255,250 | 28,834,712 | 30,392,911 | 30,486,192 |
| Equipment & Intangible Assets | 753,395 | 778,119 | 483,849 | 2,783,849 | 483,849 |
| Grants | 7,541,056 | 9,242,861 | 9,415,792 | 9,415,792 | 9,415,792 |
| Benefits & Claims | 18,550 | 30,389 | 100,389 | 100,389 | 100,389 |
| Transfers | 351,101 | 391,729 | 417,333 | 417,333 | 417,333 |
| Debt Service | 945,204 | 1,197,124 | 241,174 | 241,174 | 241,174 |
| Total Expenditures | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$92,519,013 | \$90,579,483 |
| General Fund | 2,034,408 | 2,129,026 | 2,455,432 | 2,576,223 | 2,551,633 |
| State/Other Special Rev. Funds | 50,392,050 | 53,173,241 | 53,552,196 | 56,401,652 | 54,637,721 |
| Federal Spec. Rev. Funds | 27,444,975 | 34,122,024 | 34,436,662 | 33,541,138 | 33,390,129 |
| Total Funds | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$92,519,013 | \$90,579,483 |
| Total Ongoing | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$90,177,294 | \$90,582,861 |
| Total OTO | \$0 | \$0 | \$0 | \$2,341,719 | (\$3,378) |

Summary of Legislative Action

The legislature adopted an increase to the Department of Labor and Industry's 2025 biennium appropriation of approximately \$2.1 million or 1.2% compared to the 2023 biennium base budget. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation of approximately \$5.6 million over the 2025 biennium
- A state special revenue increase of \$2.3 million in FY 2024 for equipment and vehicle replacements in the Weights and Measures Program
- An increase of approximately \$676,000 across all fund types for increased internal service costs
- A general fund increase of \$160,000 over the 2025 biennium to provide a general fund match for a federal grant in the Office of Community Services
- A state and federal special revenue decrease of approximately \$4.4 million and 40.00 FTE in the Workforce Services Division due to increased efficiencies
- A decrease of approximately \$1.7 million across all fund types for reduced technology service costs due to the services being transferred to the Department of Administration
- A state special revenue decrease of approximately \$540,000 related to the Montana HELP Link. In addition, 2.00 FTE were removed relating to this program. Due to an error in the reporting system, these FTE were not included in the base 2023 FTE and were not included in the 2025 biennium budget

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Labor and Industry Funding by Source of Authority 2025 Biennium Budget Request - Department of Labor and Industry | | | | | | |
|--|----------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 4,969,923 | 157,933 | 0 | 0 | 5,127,856 | 1.07 % |
| State Special Total | 108,825,747 | 2,213,626 | 0 | 1,397,854 | 112,437,227 | 23.48 % |
| Federal Special Total | 66,964,485 | (33,218) | 0 | 0 | 66,931,267 | 13.98 % |
| Proprietary Total | 0 | 0 | 293,932,081 | 431,843 | 294,363,924 | 61.47 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$180,760,155 | \$2,338,341 | \$293,932,081 | \$1,829,697 | \$478,860,274 | |
| Percent - Total All Sources | 37.75 % | 0.49 % | 61.38 % | 0.38 % | | |

HB 2 Authority

General Fund

General fund supports activities in the Workforce Services Division, Commissioner's Office and Centralized Services Division, Employment Standards Division, and the Office of Community Services.

State Special Revenue

State special revenue funding sources include, but are not limited to, the employment security account, accounts for professional licensing boards or programs, and the uninsured employer's fund. The majority of state special revenue comes from the employment security account, which generates revenue from an administrative assessment against the payrolls of Montana employers.

Federal Special Revenue

Federal special revenue makes up less than half the HB 2 authority. The uses and requirements for these funds are determined by the federal agencies granting the funding.

Non-Budgeted Proprietary Funding

The majority of the Department of Labor and Industry's funding comes from non-budgeted proprietary funding, primarily for unemployment benefits.

Statutory Funding

The department has a small portion of statutory authority for the uninsured employer fund, Board of Public Accountants, Underground Facility Protection Program, and the Board of Real Estate Appraisers.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 2,455,432 | 2,455,432 | 4,910,864 | 95.77 % | 90,444,290 | 90,444,290 | 180,888,580 | 98.79 % |
| SWPL Adjustments | 39,704 | 60,204 | 99,908 | 1.95 % | 3,170,790 | 3,628,490 | 6,799,280 | 3.71 % |
| PL Adjustments | (260) | (265) | (525) | (0.01)% | 2,310,736 | 113,536 | 2,424,272 | 1.32 % |
| New Proposals | 81,347 | 36,262 | 117,609 | 2.29 % | (3,406,803) | (3,606,833) | (7,013,636) | (3.83)% |
| Total Budget | \$2,576,223 | \$2,551,633 | \$5,127,856 | | \$92,519,013 | \$90,579,483 | \$183,098,496 | |

Other Legislation

HB 346 – This bill revises the Tribal Computer Programming Boost Scholarship Program by consolidating administration of the program to the Department of Labor and Industry. There is appropriated \$48,000 from the general fund for each fiscal year beginning July 1, 2023 to the Department of Labor and Industry to administer the program.

Executive Budget Comparison

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

| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
|--------------------------------|---------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------------|
| FTE | 668.48 | 628.99 | 629.48 | 0.49 | 628.98 | 628.98 | 0.00 | 0.00 |
| Personal Services | 50,951,041 | 49,758,587 | 49,167,565 | (591,022) | 50,092,749 | 49,434,754 | (657,995) | (1,249,017) |
| Operating Expenses | 28,834,712 | 30,603,853 | 30,392,911 | (210,942) | 30,786,925 | 30,486,192 | (300,733) | (511,675) |
| Equipment & Intangible Assets | 483,849 | 2,783,849 | 2,783,849 | 0 | 483,849 | 483,849 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 9,415,792 | 9,415,792 | 9,415,792 | 0 | 9,415,792 | 9,415,792 | 0 | 0 |
| Benefits & Claims | 100,389 | 100,389 | 100,389 | 0 | 100,389 | 100,389 | 0 | 0 |
| Transfers | 417,333 | 417,933 | 417,333 | (600) | 418,133 | 417,333 | (800) | (1,400) |
| Debt Service | 241,174 | 242,222 | 241,174 | (1,048) | 242,571 | 241,174 | (1,397) | (2,445) |
| Total Costs | \$90,444,290 | \$93,322,625 | \$92,519,013 | (\$803,612) | \$91,540,408 | \$90,579,483 | (\$960,925) | (\$1,764,537) |
| General Fund | 2,455,432 | 2,585,698 | 2,576,223 | (9,475) | 2,561,158 | 2,551,633 | (9,525) | (19,000) |
| State/other Special Rev. Funds | 53,552,196 | 57,017,838 | 56,401,652 | (616,186) | 55,393,033 | 54,637,721 | (755,312) | (1,371,498) |
| Federal Spec. Rev. Funds | 34,436,662 | 33,719,089 | 33,541,138 | (177,951) | 33,586,217 | 33,390,129 | (196,088) | (374,039) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$90,444,290 | \$93,322,625 | \$92,519,013 | (\$803,612) | \$91,540,408 | \$90,579,483 | (\$960,925) | (\$1,764,537) |
| Total Ongoing | \$90,444,290 | \$90,919,977 | \$90,177,294 | (\$742,683) | \$91,482,857 | \$90,582,861 | (\$899,996) | (\$1,642,679) |
| Total OTO | \$0 | \$2,402,648 | \$2,341,719 | (\$60,929) | \$57,551 | (\$3,378) | (\$60,929) | (\$121,858) |

The legislature adopted ongoing appropriations that are \$1.1 million less than the proposed appropriations for the 2025 biennium. This decrease is primarily due to the legislature adopting an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation. Additionally, the legislature adopted change packages that coordinate with other house and senate bills that were passed and approved.

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Workforce Services Division, Unemployment Insurance Division, Employment Standards Division, and Workers' Compensation Court include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"The Commissioner's Office/Centralized Services Division includes an increase in general fund of \$2,685 in FY 2024 and \$3,367 in FY 2025, state special revenue of \$108,901 in FY 2024 and \$133,042 in FY 2025, and federal special revenue of \$2,115 in FY 2024 and \$3,068 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

Additionally, the legislature adopted the following HB 2 language, contingent on the passage and approval of other bills, and the adjustments to HB 2 appropriations are included as decision packages and incorporated in the tables in the fiscal report:

"If HB 292 is passed and approved state special revenue appropriation in the Employment Standards Division is reduced by \$277,942 in FY 2024 and \$387,833 in FY 2025."

"If SB 53 is not passed and approved the Weights and Measures Equipment Request is void."

"If HB 87 is passed and approved, the Department of Labor and Industry is increased by \$21,400 state special revenue in FY 2024 and \$21,400 state special revenue in FY 2025."

"If SB 450 is passed and approved, the Department of Labor and Industry is increased by \$212,499 general fund in FY 2024 and \$207,576 general fund in FY 2025, and the Department of Labor and Industry may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025."

"If SB 284 is passed and approved, the Department of Labor and Industry is increased by \$20,220 state special revenue in FY 2024."

"If SB 454 is passed and approved, the Department of Labor and Industry is decreased by \$3,025 state special revenue in FY 2024 and \$3,025 state special revenue in FY 2025."

"If HB 314 is passed and approved, the Department of Labor and Industry is increased by \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue in FY 2024 and \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|----------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 33,972,005 | 30,556,242 | (3,415,763) | (10.05)% |
| Operating Expenses | 13,488,525 | 14,591,050 | 1,102,525 | 8.17 % |
| Equipment & Intangible Assets | 25,816 | 25,816 | 0 | 0.00 % |
| Grants | 12,472,240 | 12,632,140 | 159,900 | 1.28 % |
| Transfers | 131,628 | 203,628 | 72,000 | 54.70 % |
| Debt Service | 468,294 | 248,774 | (219,520) | (46.88)% |
| Total Expenditures | \$60,558,508 | \$58,257,650 | (\$2,300,858) | (3.80)% |
| General Fund | 271,895 | 543,790 | 271,895 | 100.00 % |
| State/Other Special Rev. Funds | 26,345,867 | 26,079,245 | (266,622) | (1.01)% |
| Federal Spec. Rev. Funds | 33,940,746 | 31,634,615 | (2,306,131) | (6.79)% |
| Total Funds | \$60,558,508 | \$58,257,650 | (\$2,300,858) | (3.80)% |
| Total Ongoing | \$60,558,508 | \$58,317,758 | (\$2,240,750) | (3.70)% |
| Total OTO | \$0 | (\$60,108) | (\$60,108) | 100.00 % |

Program Description

The Workforce Services Division (WSD) serves Montana workers and employers by fostering a highly skilled, trained, employment-ready workforce and connecting workers with employment and job training opportunities. The WSD engages with employers and industries to understand and address future workforce needs. WSD operates 17 Job Service Offices (JSOs) across Montana tasked with working with individual job seekers to identify and pursue good-paying, sustainable careers, and connect them with resources to change careers, upskill, or otherwise prepare them for the workforce. The WSD administers Montana’s Registered Apprenticeship Program, which provides paid, on-the-job training in a wide range of fields and provides high-quality economic and labor market information to Montana policymakers, employers, and other stakeholders. WSD is structured in three bureaus: Job Service Montana, Data & Operations, and Employer Engagement & Education. Also housed within WSD is the State Workforce Innovation Board, tasked with advising the Governor on statewide workforce development strategies.

Program Highlights

| Workforce Services Division Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> • The legislature adopted a decrease in the Workforce Services Division's 2025 biennium budget of approximately \$2.3 million or 3.8% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ A reduction of 40.00 FTE and corresponding funding of \$2.2 million each fiscal year ◦ Reductions in state special revenue for the HELP Link Program to align with anticipated expenditures ◦ Reductions in state and federal special revenue for technology services due to the services being transferred to the Department of Administration ◦ Decreases are partially offset by state and federal special revenue increases due to increased rates for centralized services |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 243.50 | 243.50 | 203.50 | 203.50 |
| Personal Services | 15,409,835 | 16,501,027 | 17,470,978 | 15,225,689 | 15,330,553 |
| Operating Expenses | 5,132,481 | 6,315,323 | 7,173,202 | 7,283,364 | 7,307,686 |
| Equipment & Intangible Assets | 0 | 12,908 | 12,908 | 12,908 | 12,908 |
| Grants | 5,071,274 | 6,156,170 | 6,316,070 | 6,316,070 | 6,316,070 |
| Transfers | 0 | 29,814 | 101,814 | 101,814 | 101,814 |
| Debt Service | 343,760 | 343,907 | 124,387 | 124,387 | 124,387 |
| Total Expenditures | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,064,232 | \$29,193,418 |
| General Fund | 0 | 0 | 271,895 | 271,895 | 271,895 |
| State/Other Special Rev. Funds | 11,816,322 | 12,468,249 | 13,877,618 | 13,000,331 | 13,078,914 |
| Federal Spec. Rev. Funds | 14,141,028 | 16,890,900 | 17,049,846 | 15,792,006 | 15,842,609 |
| Total Funds | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,064,232 | \$29,193,418 |
| Total Ongoing | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,094,286 | \$29,223,472 |
| Total OTO | \$0 | \$0 | \$0 | (\$30,054) | (\$30,054) |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 01-Workforce Services Division Funding by Source of Authority | | | | | | |
|--|---------------------|-----------------------------|----------------------------|----------------------|----------------------|--|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| 01100 General Fund | 543,790 | 0 | 0 | 543,790 | 0.93 % | |
| 02258 Employment Security Account | 24,729,245 | 0 | 0 | 24,729,245 | 94.82 % | |
| 02067 Montana HELP Act | 1,350,000 | 0 | 0 | 1,350,000 | 5.18 % | |
| State Special Total | \$26,079,245 | \$0 | \$0 | \$26,079,245 | 44.75 % | |
| 03124 Employment Trng Grants | 14,098,387 | 0 | 0 | 14,098,387 | 44.57 % | |
| 03128 L & I Federal Funding | 647,882 | 0 | 0 | 647,882 | 2.05 % | |
| 03194 Research & Analysis BLS | 1,414,204 | 0 | 0 | 1,414,204 | 4.47 % | |
| 03297 Labor and Industry Veteran Gra | 1,538,220 | 0 | 0 | 1,538,220 | 4.86 % | |
| 03682 Wagner Peyser | 11,225,594 | 0 | 0 | 11,225,594 | 35.49 % | |
| 03692 Alien Labor Certification(ALC) | 615,349 | 0 | 0 | 615,349 | 1.95 % | |
| 03693 Wrk Opportunities Tx Crdt/WOTC | 159,465 | 0 | 0 | 159,465 | 0.50 % | |
| 03694 Trade Adjustment Assist/NAFTA | 879,892 | 0 | 0 | 879,892 | 2.78 % | |
| 03954 UI Administrative Grants | 41,353 | 0 | 0 | 41,353 | 0.13 % | |
| 03982 RESEA | 777,564 | 0 | 0 | 777,564 | 2.46 % | |
| 03660 SAA | 236,705 | 0 | 0 | 236,705 | 0.75 % | |
| Federal Special Total | \$31,634,615 | \$0 | \$0 | \$31,634,615 | 54.29 % | |
| 06051 Montana Career Info System | 0 | 17,331 | 0 | 17,331 | 100.00 % | |
| Proprietary Total | \$0 | \$17,331 | \$0 | \$17,331 | 0.03 % | |
| Total All Funds | \$58,257,650 | \$17,331 | \$0 | \$58,274,981 | | |

HB 2 Authority

General Fund

During the 2021 Legislative Session, HB 629 was passed creating an income tax credit to incentivize Montana job growth. The entire general fund appropriation in the Workforce Services Division supports the administration of this program.

State Special Revenue

The majority of state special revenue comes from the Employment Security Account, which is generated from an administrative assessment against the payrolls of Montana employers. Statute enumerates the use of the fund, including the operating expenses of the job services offices. The remaining state special revenue comes from the Montana Health and Economic Livelihood Partnership (HELP) Act account. Through collaboration with the Department of Public Health and Human Services, the Department of Labor and Industry is responsible for assisting qualifying Medicare and Medicaid participants with workforce resources and opportunities.

Federal Special Revenue

The majority of federal funds come from the Wagner-Peyser Act and the Workforce Innovation and Opportunity Act (WIOA) employment training grants. The Wagner-Peyser Act was established in 1933 to provide a one-stop-shop for employment services by providing a national employment system with the cooperation of state governments. The WIOA provides funding for administration of employment services to adults, youth, and dislocated workers.

Non-Budgeted Proprietary Funding

Proprietary funding is received from the Montana Career Information System. This fund will be discussed in the Proprietary Rates section of the narrative.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 271,895 | 271,895 | 543,790 | 100.00 % | 31,199,359 | 31,199,359 | 62,398,718 | 107.11 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 758,058 | 906,644 | 1,664,702 | 2.86 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (275,740) | (276,871) | (552,611) | (0.95)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | (2,617,445) | (2,635,714) | (5,253,159) | (9.02)% |
| Total Budget | \$271,895 | \$271,895 | \$543,790 | | \$29,064,232 | \$29,193,418 | \$58,257,650 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|---------------|------------------|------------------|-----------------------|--------------|-----------------|------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | (45,003) | 277,581 | 232,578 | 0.00 | 0 | 11,975 | 333,294 | 345,269 |
| DP 2 - Fixed Costs | 0.00 | 0 | 182,439 | 202,456 | 384,895 | 0.00 | 0 | 183,701 | 203,140 | 386,841 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 140,585 | 0 | 140,585 | 0.00 | 0 | 174,534 | 0 | 174,534 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 2,611 | 2,247 | 4,858 | 0.00 | 0 | 1,832 | 1,290 | 3,122 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (10,520) | 0 | (10,520) | 0.00 | 0 | (9,842) | 0 | (9,842) |
| DP 101 - HELP Link Funding Reduction | 0.00 | 0 | (270,078) | 0 | (270,078) | 0.00 | 0 | (270,151) | 0 | (270,151) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 14,245 | 15,809 | 30,054 | 0.00 | 0 | 14,272 | 15,782 | 30,054 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (14,245) | (15,809) | (30,054) | 0.00 | 0 | (14,272) | (15,782) | (30,054) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$34 | \$482,284 | \$482,318 | 0.00 | \$0 | \$92,049 | \$537,724 | \$629,773 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 101 - HELP Link Funding Reduction -

The legislature adopted a reduction in state special revenue authority for the 2025 biennium. In the 2021 Legislative Session, HB 614 directed that only private entities could provide workforce development services under the HELP Link program. The Montana Department of Labor & Industry (DOLI) will continue to administer the program and operate the Employer Grant component of the HELP Link program.

The original funding provided to DOLI included employment specialists in the Job Service Offices to provide services to individuals who needed assistance in getting back to work. As the legislation passed in 2021 does not allow the Job Service Offices to provide the workforce development services, the full amount of funding originally received will not be required. The total savings over the 2025 biennium adopted by the legislature are approximately \$540,000 with a reduction of 2.00 FTE in each fiscal year of the biennium.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The “New Proposals” table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|--------------------|----------------------|----------------------|-----------------------|--------------|--------------------|----------------------|----------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 12,764 | 0 | 12,764 | 0.00 | 0 | 12,764 | 0 | 12,764 |
| DP 102 - FTE Reduction | (40.00) | 0 | (664,325) | (1,550,093) | (2,214,418) | (40.00) | 0 | (666,320) | (1,554,748) | (2,221,068) |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 57,931 | 56,427 | 114,358 | 0.00 | 0 | 58,302 | 56,788 | 115,090 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (43,521) | 0 | (43,521) | 0.00 | 0 | (54,768) | 0 | (54,768) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (81,969) | (79,352) | (161,321) | 0.00 | 0 | (82,530) | (79,895) | (162,425) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (158,201) | (175,056) | (333,257) | 0.00 | 0 | (158,201) | (175,056) | (333,257) |
| DP 1403 - HB 314 | 0.00 | 0 | 0 | 7,950 | 7,950 | 0.00 | 0 | 0 | 7,950 | 7,950 |
| Total | (40.00) | \$0 | (\$877,321) | (\$1,740,124) | (\$2,617,445) | (40.00) | \$0 | (\$890,753) | (\$1,744,961) | (\$2,635,714) |

***Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$8,704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 102 - FTE Reduction -

The legislature adopted a 40.00 FTE reduction in the Workforce Services Division. This reduces both state special and federal special revenue appropriations associated with these positions. The agency has gone through an extensive organizational review including staffing analysis and efficiency review. The result of this analysis concludes these FTE are no longer needed.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

Other Issues**Proprietary Rates****Montana Career Information System – Fund 06051***Proprietary Program Description*

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. The MCIS is the only career information delivery system in the country that has specific Montana labor market information included in each file.

MCIS is funded primarily by the employment security account, with federal Workforce Information Grants (WIG) from the Employment and Training Administration to support the update of data and job projections. In addition to data and system support, the MCIS unit also offers training and outreach direct to schools and through partnerships with nonprofit organizations to support a wide variety of users:

- Job service offices
- Vocational rehabilitation offices
- Middle schools
- High schools
- Community colleges
- Universities
- Tribal colleges
- Educational and training agencies
- Home use
- Adult education programs

There are currently optional components of MCIS not funded by ESA or WIG funds, such as the Interest Determination, Exploration and Assessment System (IDEAS) (an interest inventory) and Peterson Practice Tests that requires the program to collect fees associated with each optional component.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|--|----------------------------|-----------------|--------------------------------|-----------------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06051 | Montana Career Info System | 66020 | Department of Labor & Industry | Workforce Services Division | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| | MCIS License Revenue | | 750 | 8,161 | 8,594 | 8,737 |
| Total Operating Revenues | | | 750 | 8,161 | 8,594 | 8,737 |
| Expenses | | | | | | |
| | Personal Services | | - | - | - | - |
| | Operating Expense | | 375 | 8,161 | 8,594 | 8,737 |
| Total Operating Expense | | | 375 | 8,161 | 8,594 | 8,737 |
| Operating Income (Loss) | | | 375 | - | - | - |
| Change in Net Position | | | 375 | - | - | - |
| Beginning Net Position - July 1 | | | 792 | 1,167 | 1,167 | 1,167 |
| | Prior Period Adjustments | | | | | |
| | Change in Net Position | | 375 | - | - | - |
| Ending Net Position - June 30 | | | 1,167 | 1,167 | 1,167 | 1,167 |

Expenses

The expenses for MCIS are limited to the operational expenses of the optional features. These are typically site-specific licensing fees.

Revenues

Revenue is generated through fees for purchase of a one-year optional component license. Fees are collected from the sites purchasing the license or assessment. Collected fees are used to pay the service provider on a one-to-one ratio.

Proprietary Rates

For the 2025 biennium, the following rates have been reviewed:

| Requested Rates for Internal Service or Enterprise Funds | | | | |
|---|-----------------|-------------------|-------------------|-------------------|
| Fee/Rate Information | | | | |
| | Actual | Estimated | Reviewed | Reviewed |
| | FY 22 | FY 23 | FY 24 | FY 25 |
| Fees*: | | | | |
| IDEAS Assessment @ \$125/test | 250.00 | 375.00 | 375.00 | 375.00 |
| Peterson's Academic Practice Tests - Pkg 1 @\$250/test | 500.00 | 1,250.00 | 1,250.00 | 1,250.00 |
| Peterson's Academic Practice Tests - Pkg 2 @\$200/test | | | | |
| Peterson's Civil Service Practice Tests @ \$200/test | | | | |
| Total | \$750.00 | \$1,625.00 | \$1,625.00 | \$1,625.00 |
| * Fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio | | | | |

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|-------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 21,073,976 | 21,635,698 | 561,722 | 2.67 % |
| Operating Expenses | 16,037,497 | 15,459,022 | (578,475) | (3.61)% |
| Debt Service | 73,010 | 73,010 | 0 | 0.00 % |
| Total Expenditures | \$37,184,483 | \$37,167,730 | (\$16,753) | (0.05)% |
| State/Other Special Rev. Funds | 14,235,641 | 13,539,389 | (696,252) | (4.89)% |
| Federal Spec. Rev. Funds | 22,948,842 | 23,628,341 | 679,499 | 2.96 % |
| Total Funds | \$37,184,483 | \$37,167,730 | (\$16,753) | (0.05)% |
| Total Ongoing | \$37,184,483 | \$37,176,842 | (\$7,641) | (0.02)% |
| Total OTO | \$0 | (\$9,112) | (\$9,112) | 100.00 % |

Program Description

Montana’s Unemployment Insurance Division (UID) administers the state’s unemployment insurance (UI) program, which provides temporary, partial wage replacement benefits for unemployed workers. The UID operates through three bureaus:

- The Claims Processing Bureau conducts the intake, adjudication, and payment of UI benefit claims. The Bureau assists unemployed Montanans with claims filings and appeals and operates claims processing centers in Helena and Billings
- The Contributions Bureau facilitates the payment of employer UI payroll taxes, collects taxes and wage reports, and conducts employer audits to ensure compliance
- The Program Support Bureau is responsible for reporting, compliance, program integrity and operational support, including support for the Unemployment Insurance Appeals Board. The Division also houses a fraud prevention team that seeks to identify and prevent fraudulent UI claims, and reclaim funds paid on fraudulent claims

Program Highlights

| Unemployment Insurance Division Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • The legislature adopted a decrease to the Unemployment Insurance Division’s 2025 biennium budget of approximately \$17,000 or 0.1% compared to the 2023 biennium budget: Changes included: <ul style="list-style-type: none"> ◦ Statewide present law increases for personal services, fixed costs, and inflation/deflation ◦ State and federal special revenue increases due to increased rates for centralized services ◦ Decreases in state and federal special revenue related to IT costs transferred to the Department of Administration |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 149.11 | 149.11 | 149.11 | 149.11 |
| Personal Services | 9,913,053 | 10,594,823 | 10,479,153 | 10,784,710 | 10,850,988 |
| Operating Expenses | 6,777,044 | 8,886,721 | 7,150,776 | 7,724,840 | 7,734,182 |
| Debt Service | 17,381 | 36,505 | 36,505 | 36,505 | 36,505 |
| Total Expenditures | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,546,055 | \$18,621,675 |
| State/Other Special Rev. Funds | 8,083,357 | 8,175,162 | 6,060,479 | 6,615,975 | 6,923,414 |
| Federal Spec. Rev. Funds | 8,624,121 | 11,342,887 | 11,605,955 | 11,930,080 | 11,698,261 |
| Total Funds | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,546,055 | \$18,621,675 |
| Total Ongoing | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,550,611 | \$18,626,231 |
| Total OTO | \$0 | \$0 | \$0 | (\$4,556) | (\$4,556) |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 02-Unemployment Insurance Div Funding by Source of Authority | | | | | |
|---|---------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 0 | 0 | 0 | 0 | 0.00 % |
| 02258 Employment Security Account | 12,805,748 | 0 | 0 | 12,805,748 | 94.58 % |
| 02315 DLI Info Exchange/Rental | 49,438 | 0 | 0 | 49,438 | 0.37 % |
| 02067 Montana HELP Act | 684,203 | 0 | 0 | 684,203 | 5.05 % |
| State Special Total | \$13,539,389 | \$0 | \$0 | \$13,539,389 | 4.71 % |
| 03278 UI Penalty & Interest | 1,630,963 | 0 | 0 | 1,630,963 | 6.90 % |
| 03954 UI Administrative Grants | 21,997,378 | 0 | 0 | 21,997,378 | 93.10 % |
| Federal Special Total | \$23,628,341 | \$0 | \$0 | \$23,628,341 | 8.23 % |
| 06069 UI Tax Benefit Fund | 0 | 250,000,000 | 0 | 250,000,000 | 100.00 % |
| Proprietary Total | \$0 | \$250,000,000 | \$0 | \$250,000,000 | 87.06 % |
| Total All Funds | \$37,167,730 | \$250,000,000 | \$0 | \$287,167,730 | |

HB 2 Authority

State Special Revenue

State special revenue is primarily derived from the employment security account through an assessment charged to employers as a percentage of their payroll. The division may use these funds for payments of unemployment insurance benefits and administration of the UI program.

Federal Special Revenue

The majority of HB 2 funding comes from federal special revenue. Unemployment insurance administrative grants are federal funds that Montana receives for the administration of the Unemployment Insurance Division. Montana businesses pay a federal unemployment tax that is partially used to fund these grants.

Non-Budgeted Proprietary Funding

State unemployment taxes (SUTA) are paid into a proprietary account to fund unemployment benefits for claimants. The tax amount depends on the ratio of the unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 10 contribution rates in each schedule to assess SUTA. These funds will be discussed in the Proprietary Rates section of the narrative.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 17,666,434 | 17,666,434 | 35,332,868 | 95.06 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 1,136,283 | 1,232,018 | 2,368,301 | 6.37 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 20,352 | 14,767 | 35,119 | 0.09 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | (277,014) | (291,544) | (568,558) | (1.53)% |
| Total Budget | \$0 | \$0 | \$0 | | \$18,546,055 | \$18,621,675 | \$37,167,730 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|------------------|------------------|--------------------|-----------------------|--------------|------------------|------------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 134,660 | 278,928 | 413,588 | 0.00 | 0 | 156,092 | 324,471 | 480,563 |
| DP 2 - Fixed Costs | 0.00 | 0 | 367,475 | 199,388 | 566,863 | 0.00 | 0 | 637,445 | (77,932) | 559,513 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 86,234 | 69,598 | 155,832 | 0.00 | 0 | 106,381 | 85,561 | 191,942 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 13,618 | 7,390 | 21,008 | 0.00 | 0 | 17,524 | (2,143) | 15,381 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (363) | (293) | (656) | 0.00 | 0 | (340) | (274) | (614) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 2,953 | 1,603 | 4,556 | 0.00 | 0 | 5,191 | (635) | 4,556 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (2,953) | (1,603) | (4,556) | 0.00 | 0 | (5,191) | 635 | (4,556) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$601,624 | \$555,011 | \$1,156,635 | 0.00 | \$0 | \$917,102 | \$329,683 | \$1,246,785 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|-------------------|--------------------|--------------------|-----------------------|--------------|-------------------|--------------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 7,880 | 0 | 7,880 | 0.00 | 0 | 7,880 | 0 | 7,880 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 22,657 | 48,146 | 70,803 | 0.00 | 0 | 22,796 | 48,442 | 71,238 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (30,317) | (24,468) | (54,785) | 0.00 | 0 | (38,272) | (30,781) | (69,053) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (36,298) | (77,133) | (113,431) | 0.00 | 0 | (36,521) | (77,607) | (114,128) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (10,050) | (182,831) | (192,881) | 0.00 | 0 | (10,050) | (182,831) | (192,881) |
| DP 1403 - HB 314 | 0.00 | 0 | 0 | 5,400 | 5,400 | 0.00 | 0 | 0 | 5,400 | 5,400 |
| Total | 0.00 | \$0 | (\$46,128) | (\$230,886) | (\$277,014) | 0.00 | \$0 | (\$54,167) | (\$237,377) | (\$291,544) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$5,374 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

Other Issues**Proprietary Rates****Unemployment Insurance (UI) Tax Benefit Fund – Fund 06069***Proprietary Program Description*

The Department of Labor and Industry collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their unemployment insurance. The department expends the funds by paying unemployment insurance benefit claims.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|--------------------------|----------|--------------------------|------------------------|--------------------|--------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 6069 | UI Tax Benefit Fund | 66020 | Dept of Labor & Industry | Unemployment Insurance | | |
| | | | Actuals FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| | Investment Earnings | | 6,725,221 | 8,086,191 | 9,927,587 | 11,618,730 |
| | Contributions/Premiums | | 139,250,361 | 145,000,000 | 155,000,000 | 164,000,000 |
| | Other Operating Revenues | | 52,317,030 | 7,199,636 | 7,337,537 | 7,453,013 |
| Total Operating Revenues | | | <u>198,292,612</u> | <u>160,285,827</u> | <u>172,265,124</u> | <u>183,071,743</u> |
| Expenses | | | | | | |
| | Personal Services | | - | - | - | - |
| | Operating Expense | | (8,382,912) | 8,500,000 | 8,500,000 | 8,500,000 |
| | Benefits and Claims | | 60,731,989 | 90,000,000 | 95,000,000 | 100,000,000 |
| Total Operating Expense | | | <u>52,349,077</u> | <u>98,500,000</u> | <u>103,500,000</u> | <u>108,500,000</u> |
| Operating Income (Loss) | | | <u>145,943,535</u> | <u>61,785,827</u> | <u>68,765,124</u> | <u>74,571,743</u> |
| Income (Loss) Before Contributions and Transfers | | | <u>145,943,535</u> | <u>61,785,827</u> | <u>68,765,124</u> | <u>74,571,743</u> |
| | Capital Contributions | | | | | |
| | Transfers In | | 9,091,296 | | | |
| | Transfers Out | | | | | |
| | Loans and Lease Payments | | | | | |
| Change in Net Position | | | <u>155,034,831</u> | <u>61,785,827</u> | <u>68,765,124</u> | <u>74,571,743</u> |
| Beginning Net Position - July 1 | | | 364,934,412 | 516,623,374 | 578,409,201 | 647,174,325 |
| | Prior Period Adjustments | | (3,345,869) | | | |
| Change in Net Position | | | <u>155,034,831</u> | <u>61,785,827</u> | <u>68,765,124</u> | <u>74,571,743</u> |
| Ending Net Position - June 30 | | | <u>516,623,374</u> | <u>578,409,201</u> | <u>647,174,325</u> | <u>721,746,068</u> |

Expenses

Significant costs for the program consist of unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of their benefit check.

Revenues

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the unemployment insurance trust fund.

Proprietary Rates

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but rather a collection of contributions from employers that are used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed. The rate calculation is set in statute under 39-51-1217, MCA.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,942,882 | 1,794,484 | (148,398) | (7.64)% |
| Operating Expenses | 1,190,193 | 1,535,268 | 345,075 | 28.99 % |
| Transfers | 20,000 | 40,000 | 20,000 | 100.00 % |
| Debt Service | 6,218 | 6,718 | 500 | 8.04 % |
| Total Expenditures | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| General Fund | 571,022 | 640,871 | 69,849 | 12.23 % |
| State/Other Special Rev. Funds | 1,316,210 | 1,589,000 | 272,790 | 20.73 % |
| Federal Spec. Rev. Funds | 1,272,061 | 1,146,599 | (125,462) | (9.86)% |
| Total Funds | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| Total Ongoing | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Program Description

The Commissioner's Office and the Centralized Services Division (CSD) provide program direction, legal, administration, and support services to the department's programs and administratively attached entities. Additionally, the Office of Administrative Hearings provides administrative hearings and dispute resolution services.

Program Highlights

| Commissioner's Office/Centralized Services Division Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • The legislature adopted an increase in the Commissioner's Office/ CSD's 2025 biennium budget of approximately \$217,000 or 6.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Statewide present law decreases for personal services and increases for fixed costs and inflation/deflation ◦ Increases in general fund, state special, and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Personal Services | 851,499 | 969,628 | 973,254 | 894,720 | 899,764 |
| Operating Expenses | 550,282 | 582,201 | 607,992 | 741,901 | 793,367 |
| Transfers | 0 | 0 | 20,000 | 20,000 | 20,000 |
| Debt Service | 1,653 | 2,859 | 3,359 | 3,359 | 3,359 |
| Total Expenditures | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| General Fund | 241,568 | 244,364 | 326,658 | 316,850 | 324,021 |
| State/Other Special Rev. Funds | 556,528 | 612,903 | 703,307 | 780,255 | 808,745 |
| Federal Spec. Rev. Funds | 605,338 | 697,421 | 574,640 | 562,875 | 583,724 |
| Total Funds | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| Total Ongoing | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 03-Commissioners Office & C S D Funding by Source of Authority | | | | | | |
|---|--------------------|-----------------------------|----------------------------|----------------------|----------------------|--|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| 01100 General Fund | 640,871 | 0 | 0 | 640,871 | 3.17 % | |
| 02233 BSD Hearings | 143,245 | 0 | 0 | 143,245 | 9.01 % | |
| 02258 Employment Security Account | 1,374,125 | 0 | 0 | 1,374,125 | 86.48 % | |
| 02315 DLI Info Exchange/Rental | 2,142 | 0 | 0 | 2,142 | 0.13 % | |
| 02448 Building Codes State Spec Rev | 51,706 | 0 | 0 | 51,706 | 3.25 % | |
| 02941 Uninsured Employer Fund | 17,782 | 0 | 0 | 17,782 | 1.12 % | |
| State Special Total | \$1,589,000 | \$0 | \$0 | \$1,589,000 | 7.87 % | |
| 03122 EEOC | 68,780 | 0 | 0 | 68,780 | 6.00 % | |
| 03195 On-Site Consultation | 5,183 | 0 | 0 | 5,183 | 0.45 % | |
| 03954 UI Administrative Grants | 1,072,636 | 0 | 0 | 1,072,636 | 93.55 % | |
| Federal Special Total | \$1,146,599 | \$0 | \$0 | \$1,146,599 | 5.68 % | |
| 06546 Commissioner's Office/CSD | 0 | 10,271,613 | 0 | 10,271,613 | 61.09 % | |
| 06552 Admin Services | 0 | 6,542,596 | 0 | 6,542,596 | 38.91 % | |
| Proprietary Total | \$0 | \$16,814,209 | \$0 | \$16,814,209 | 83.28 % | |
| Total All Funds | \$3,376,470 | \$16,814,209 | \$0 | \$20,190,679 | | |

HB 2 Authority

General Fund

General fund authority is for the Office of Administrative Hearing's program for human rights cases.

State Special Revenue

The majority of state special revenue funding comes from the employment security account through an assessment charged to employers as a percentage of their payroll. The Business Standards Division (BSD) hearing's fund makes up the majority of remaining state special revenue authority. This fund is used by the Office of Administrative Hearings when hearing cases are from the Employment Standards Division (formerly Business Standards Division).

Federal Special Revenue

The majority of federal funding comes from UI administrative grants with the remainder coming from the Equal Employment Opportunity Commission (EEOC).

Non-Budgeted Proprietary Funding

The Commissioner's Office and Centralized Services Division have two different proprietary funding sources for the operations of the various functions within the office. A discussion of the proposed uses and funding for each of the functions is included in the Proprietary Rates section of the narrative. These funds are considered and approved as rates charged to other divisions within the agency.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 326,658 | 326,658 | 653,316 | 101.94 % | 1,604,605 | 1,604,605 | 3,209,210 | 95.05 % |
| SWPL Adjustments | (9,058) | (2,441) | (11,499) | (1.79)% | (32,583) | (945) | (33,528) | (0.99)% |
| PL Adjustments | 10 | 5 | 15 | 0.00 % | (1) | (12) | (13) | (0.00)% |
| New Proposals | (760) | (201) | (961) | (0.15)% | 87,959 | 112,842 | 200,801 | 5.95 % |
| Total Budget | \$316,850 | \$324,021 | \$640,871 | | \$1,659,980 | \$1,716,490 | \$3,376,470 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | -----Fiscal 2024----- | | | | -----Fiscal 2025----- | | | | | |
|--|-----------------------|------------------|-------------------|------------------|-----------------------|-------------|------------------|-------------------|-----------------|----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (15,130) | (33,102) | (20,885) | (69,117) | 0.00 | (13,471) | (31,954) | (18,595) | (64,020) |
| DP 2 - Fixed Costs | 0.00 | 5,700 | 2,741 | 16,378 | 24,819 | 0.00 | 10,542 | 5,940 | 34,004 | 50,486 |
| DP 3 - Inflation Deflation | 0.00 | 372 | 11,343 | 0 | 11,715 | 0.00 | 488 | 12,101 | 0 | 12,589 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 17 | 8 | 50 | 75 | 0.00 | 12 | 7 | 40 | 59 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (7) | (69) | 0 | (76) | 0.00 | (7) | (64) | 0 | (71) |
| Grand Total All Present Law Adjustments | 0.00 | (\$9,048) | (\$19,079) | (\$4,457) | (\$32,584) | 0.00 | (\$2,436) | (\$13,970) | \$15,449 | (\$957) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|----------------|-----------------|------------------|-----------------|-----------------------|----------------|------------------|------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 528 | 0 | 528 | 0.00 | 0 | 528 | 0 | 528 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 1,830 | 1,521 | 2,526 | 5,877 | 0.00 | 1,840 | 1,531 | 2,540 | 5,911 |
| DP 333 - Adjustment to Inflation | 0.00 | (372) | (11,343) | 0 | (11,715) | 0.00 | (488) | (12,101) | 0 | (12,589) |
| DP 555 - Additional Vacancy Savings | 0.00 | (2,932) | (2,438) | (4,047) | (9,417) | 0.00 | (2,949) | (2,450) | (4,071) | (9,470) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (1,971) | (1,142) | (7,902) | (11,015) | 0.00 | (1,971) | (1,142) | (7,902) | (11,015) |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 2,685 | 108,901 | 2,115 | 113,701 | 0.00 | 3,367 | 133,042 | 3,068 | 139,477 |
| Total | 0.00 | (\$760) | \$96,027 | (\$7,308) | \$87,959 | 0.00 | (\$201) | \$119,408 | (\$6,365) | \$112,842 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$361 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Other Issues**Proprietary Rates**

The Commissioner's Office and Centralized Services Division provides two functions funded with non-budgeted proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program.

Commissioner's Office/CSD – Fund 06546*Proprietary Program Description*

Supportive services provided by the Commissioner's Office and the Centralized Services Division (CSD) are funded through an indirect cost rate whereby the department programs are assessed a fee equal to a percentage of their personal service costs.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

Expenses

Major expenses for this program consist of the personal services costs for the Commissioner’s Office and CSD. Significant costs for the program are for:

- Personal service costs for 37.00 FTE, including \$3.2 million or 63.0% of the total costs for FY 2023
- Other operating costs, including:
 - Department-wide fixed costs such as the statewide cost allocation plan (SWCAP), legislative audit fees, and the Human Resources Information System (HRIS) service fees
 - Charges for legal services that benefit the entire department
 - Charges for IT applications that benefit the entire department

Revenues

The Commissioner’s Office and Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. Revenue for this fund is collected via an indirect cost rate that is charged against department personal services expenses. The services provided in exchange for this fee include:

- Human resources
- Accounting
- Budgeting
- Payroll processing
- Mail processing
- Other department-wide management and administration

All programs that utilize these services have a present law adjustment in the budget to account for the adjustment in the rate.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds | | | | |
|---|-------------------------|----------------------------|--------------------------|--------------------------|
| Fee/Rate Information | | | | |
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | 7.90% | 8.85% | 9.50% | 9.50% |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The legislature approved a rate of 9.5% for FY 2024 and FY 2025. The cost allocation plan (CAP) must be approved by the U.S. Department of Labor. The rate, which is assessed to personal services expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures.

Administrative Services – Fund 06552

Proprietary Program Description

The Office of Legal Services provides legal assistance to the department’s five programs and two administratively attached entities, whereby an hourly rate for attorney fees is established.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | |
|---|--------------------------|-----------|--------------------------------|----------------------|-----------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | |
| 06552 | Office of Legal Services | 66020 | Department of Labor & Industry | Centralized Services | |
| | | Actuals | Estimated | Reviewed | Reviewed |
| | | FY 22 | FY 23 | FY 24 | FY 25 |
| Operating Revenues | | | | | |
| | Fee Revenue | 2,812,236 | 2,955,472 | 3,341,465 | 3,341,465 |
| Total Operating Revenues | | 2,812,236 | 2,955,472 | 3,341,465 | 3,341,465 |
| Expenses | | | | | |
| | Personal Services | 2,279,936 | 2,477,727 | 2,560,703 | 2,575,629 |
| | Other Operating Expense | 474,670 | 484,315 | 695,736 | 690,000 |
| Total Operating Expense | | 2,754,606 | 2,962,042 | 3,256,439 | 3,265,629 |
| Operating Income (Loss) | | 57,630 | (6,570) | 85,026 | 75,836 |
| Income (Loss) Before Contributions and Transfers | | 57,630 | (6,570) | 85,026 | 75,836 |
| | Capital Contributions | | | | |
| | Transfers In | | | | |
| | Transfers Out | | | | |
| | Loans and Lease Payments | | (10,281) | (10,281) | (10,281) |
| Change in Net Position | | 57,630 | (16,851) | 74,745 | 65,555 |
| Beginning Net Position - July 1 | | 130,523 | 185,233 | 168,382 | 243,127 |
| | Prior Period Adjustments | (2,920) | | | |
| Change in Net Position | | 57,630 | (16,851) | 74,745 | 65,555 |
| Ending Net Position - June 30 | | 185,233 | 168,382 | 243,127 | 308,682 |

Expenses

Major expenses for this program are comprised of salaries and overhead costs of agency legal staff. Significant costs for the program are for:

- Personal services cost for 22.75 FTE, including \$2.5 million or 83.6% of the total costs for FY 2023
- Other operating costs

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by Department of Labor and Industry divisions. The rate is a direct hourly rate, charged to each division based on number of hours of legal service they receive. The rate per hour is calculated on actual costs of services divided by actual direct hours of service provided in FY 2022.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-------------------------|----------------------------|--------------------------|--------------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: All | 102 | 102 | | |
| Lawyers | | | 132 | 132 |
| Paralegals & Other | | | 97 | 97 |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|--------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 41,461,069 | 42,363,888 | 902,819 | 2.18 % |
| Operating Expenses | 25,316,350 | 28,071,734 | 2,755,384 | 10.88 % |
| Equipment & Intangible Assets | 1,236,152 | 3,241,882 | 2,005,730 | 162.26 % |
| Grants | 10,000 | 10,000 | 0 | 0.00 % |
| Benefits & Claims | 130,778 | 200,778 | 70,000 | 53.53 % |
| Transfers | 99,103 | 89,738 | (9,365) | (9.45)% |
| Debt Service | 882,002 | 145,572 | (736,430) | (83.50)% |
| Total Expenditures | \$69,135,454 | \$74,123,592 | \$4,988,138 | 7.22 % |
| General Fund | 3,455,911 | 3,470,102 | 14,191 | 0.41 % |
| State/Other Special Rev. Funds | 63,217,702 | 68,143,274 | 4,925,572 | 7.79 % |
| Federal Spec. Rev. Funds | 2,461,841 | 2,510,216 | 48,375 | 1.96 % |
| Total Funds | \$69,135,454 | \$74,123,592 | \$4,988,138 | 7.22 % |
| Total Ongoing | \$69,135,454 | \$71,875,932 | \$2,740,478 | 3.96 % |
| Total OTO | \$0 | \$2,247,660 | \$2,247,660 | 100.00 % |

Program Description

The Employment Standards Division (ESD) is responsible for a wide range of services that seek to protect Montana workers and consumers. The division was formed in 2022, following the merger of the Employment Relations and Business Standards Divisions, implemented to identify and utilize operational efficiencies and better-coordinate areas of overlapping responsibility. The division operates through the following bureaus:

- Professional Licensing Bureau provides operational and administrative support for Montana’s professional licensing boards and programs and operates the state’s Prescription Drug Registry
- Building and Commercial Measurements Bureau sets and enforces minimum standards for building, electrical, plumbing, elevator, and similar codes, and licenses, tests and certifies all weighting and measurement devices used in commercial transactions
- The Human Rights Bureau enforces the Montana Human Rights Act and investigates claims of violations. The Safety and Health Bureau administers federal and state industrial safety laws for the public sector while providing no-cost consultation services for all employers
- Workers’ Compensation section assists claimants, employers, and insurers in navigating the state’s Workers’ Compensation system
- Compliance and Investigations Bureau enforces wage and hour, prevailing wage, independent contractor, and workers’ compensation laws
- Operations Bureau provides administrative support to the division while operating its independent contractor registration and data management programs

Program Highlights

| Employment Standards Division Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • The legislature adopted an increase to the Employment Standards Division's 2025 biennium budget of approximately \$5.0 million or 7.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ A one-time-only state special revenue increase of \$2.3 million in the Weights and Measures Program for new vehicles and equipment ◦ Increases in general fund, state special, and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 253.87 | 253.87 | 253.87 | 253.87 |
| Personal Services | 19,419,840 | 20,456,435 | 21,004,634 | 21,122,111 | 21,241,777 |
| Operating Expenses | 10,935,874 | 11,964,614 | 13,351,736 | 14,027,379 | 14,044,355 |
| Equipment & Intangible Assets | 753,395 | 765,211 | 470,941 | 2,770,941 | 470,941 |
| Grants | 0 | 5,000 | 5,000 | 5,000 | 5,000 |
| Benefits & Claims | 18,550 | 30,389 | 100,389 | 100,389 | 100,389 |
| Transfers | 43,945 | 54,234 | 44,869 | 44,869 | 44,869 |
| Debt Service | 580,026 | 809,216 | 72,786 | 72,786 | 72,786 |
| Total Expenditures | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$38,143,475 | \$35,980,117 |
| General Fund | 1,652,510 | 1,744,333 | 1,711,578 | 1,729,143 | 1,740,959 |
| State/Other Special Rev. Funds | 29,275,655 | 31,115,937 | 32,101,765 | 35,162,566 | 32,980,708 |
| Federal Spec. Rev. Funds | 823,465 | 1,224,829 | 1,237,012 | 1,251,766 | 1,258,450 |
| Total Funds | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$38,143,475 | \$35,980,117 |
| Total Ongoing | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$35,869,645 | \$36,006,287 |
| Total OTO | \$0 | \$0 | \$0 | \$2,273,830 | (\$26,170) |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 05-Employment Standards Division | | | | | | |
|--|---------------------|--------------------------|-------------------------|---------------------|-------------------|--|
| Funding by Source of Authority | | | | | | |
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| 01100 General Fund | 3,470,102 | 0 | 0 | 3,470,102 | 4.39 % | |
| 02024 Blasters Program | 29,459 | 0 | 0 | 29,459 | 0.04 % | |
| 02078 Occupational Therapists | 176,951 | 0 | 0 | 176,951 | 0.25 % | |
| 02079 Fire Protection & Permitting | 103,917 | 0 | 0 | 103,917 | 0.15 % | |
| 02080 Prescription Drug Registry | 655,271 | 0 | 0 | 655,271 | 0.94 % | |
| 02109 Board Of Outfitters | 955,092 | 0 | 0 | 955,092 | 1.37 % | |
| 02155 Boilers Program | 1,563,514 | 0 | 0 | 1,563,514 | 2.25 % | |
| 02207 Cranes Program | 383,392 | 0 | 0 | 383,392 | 0.55 % | |
| 02258 Employment Security Account | 4,015,500 | 0 | 0 | 4,015,500 | 5.77 % | |
| 02263 Subsequent Injury Admin | 139,006 | 0 | 0 | 139,006 | 0.20 % | |
| 02315 DLI Info Exchange/Rental | 12,178 | 0 | 0 | 12,178 | 0.02 % | |
| 02346 Contractor Registration | 3,954,309 | 0 | 0 | 3,954,309 | 5.69 % | |
| 02446 Board Of Psychologist Exam | 268,278 | 0 | 0 | 268,278 | 0.39 % | |
| 02448 Building Codes State Spec Rev | 10,469,676 | 0 | 0 | 10,469,676 | 15.06 % | |
| 02455 Workers' Comp Regulation | 10,151,285 | 0 | 0 | 10,151,285 | 14.60 % | |
| 02580 Board of Athletic Trainers | 62,820 | 0 | 0 | 62,820 | 0.09 % | |
| 02679 Massage Therapists | 395,988 | 0 | 0 | 395,988 | 0.57 % | |
| 02767 Elevator Licensing Program | 1,405,177 | 0 | 0 | 1,405,177 | 2.02 % | |
| 02805 Weights & Measures Bureau | 6,221,183 | 0 | 0 | 6,221,183 | 8.95 % | |
| 02809 Board Of Speech Pathologists | 214,783 | 0 | 0 | 214,783 | 0.31 % | |
| 02810 Bd Of Radiologic Technologists | 242,500 | 0 | 0 | 242,500 | 0.35 % | |
| 02811 Clinical Lab Science Pract. | 200,150 | 0 | 0 | 200,150 | 0.29 % | |
| 02812 Physical Therapists | 279,908 | 0 | 0 | 279,908 | 0.40 % | |
| 02813 Bd Of Nursing Home Admin | 151,512 | 0 | 0 | 151,512 | 0.22 % | |
| 02814 Bd Of Hearing Aid Dispensers | 130,616 | 0 | 0 | 130,616 | 0.19 % | |
| 02816 Board Of Sanitarians | 88,304 | 0 | 0 | 88,304 | 0.13 % | |
| 02818 Electrical Board | 862,041 | 0 | 0 | 862,041 | 1.24 % | |
| 02819 Board of Realty Regulations | 1,193,136 | 0 | 0 | 1,193,136 | 1.72 % | |
| 02820 Architects/Landscape Architect | 236,209 | 0 | 0 | 236,209 | 0.34 % | |
| 02821 Board Of Funeral Service | 272,821 | 0 | 0 | 272,821 | 0.39 % | |
| 02822 Board Of Chiropractors | 200,052 | 0 | 0 | 200,052 | 0.29 % | |
| 02823 Professional Engineers | 575,125 | 0 | 0 | 575,125 | 0.83 % | |
| 02824 Board Of Medical Examiners | 2,883,545 | 0 | 0 | 2,883,545 | 4.15 % | |
| 02826 Cosmetology Board | 1,854,736 | 0 | 0 | 1,854,736 | 2.67 % | |
| 02828 Board Of Plumbers | 690,577 | 0 | 0 | 690,577 | 0.99 % | |
| 02829 Private Investigator | 671,299 | 0 | 0 | 671,299 | 0.97 % | |
| 02830 Board Of Dentistry | 815,997 | 0 | 0 | 815,997 | 1.17 % | |
| 02831 Board Of Optometrists | 92,422 | 0 | 0 | 92,422 | 0.13 % | |
| 02832 Board Of Pharmacy | 2,552,921 | 0 | 0 | 2,552,921 | 3.67 % | |
| 02833 Board Of Nursing | 3,538,030 | 0 | 0 | 3,538,030 | 5.09 % | |
| 02834 Board Of Veterinarians | 361,386 | 0 | 0 | 361,386 | 0.52 % | |
| 02840 Board Of Behavioral Health | 1,390,265 | 0 | 0 | 1,390,265 | 2.00 % | |
| 02852 Bd. Of Alternative Health Care | 161,786 | 0 | 0 | 161,786 | 0.23 % | |
| 02854 Bd. Of Real Estate Appraisers | 529,533 | 0 | 200,000 | 729,533 | 1.05 % | |
| 02855 Bd Of Respiratory Care | 119,272 | 0 | 0 | 119,272 | 0.17 % | |
| 02941 Uninsured Employer Fund | 2,013,346 | 0 | 950,368 | 2,963,714 | 4.26 % | |
| 02347 Safety Administration Fund | 4,779,161 | 0 | 0 | 4,779,161 | 6.87 % | |
| 02460 Underground Facility Protect | 0 | 0 | 247,486 | 247,486 | 0.36 % | |
| 02859 Genetic Counselors | 78,845 | 0 | 0 | 78,845 | 0.11 % | |
| State Special Total | \$68,143,274 | \$0 | \$1,397,854 | \$69,541,128 | 88.02 % | |
| 03122 EEOC | 588,555 | 0 | 0 | 588,555 | 23.45 % | |
| 03130 Coal Mine Safety | 301,655 | 0 | 0 | 301,655 | 12.02 % | |
| 03131 OSHA Stat Prgm Fed.St Sdy | 260,493 | 0 | 0 | 260,493 | 10.38 % | |
| 03195 On-Site Consultation | 1,098,445 | 0 | 0 | 1,098,445 | 43.76 % | |
| 03293 Country of Origin Labeling | 41,282 | 0 | 0 | 41,282 | 1.64 % | |
| 03985 Data Management Unit Grant | 219,786 | 0 | 0 | 219,786 | 8.76 % | |
| Federal Special Total | \$2,510,216 | \$0 | \$0 | \$2,510,216 | 3.18 % | |
| 06040 Subsequent Injury-Trust Fund | 0 | 3,056,752 | 0 | 3,056,752 | 87.62 % | |
| 06086 Board of Public Accountants | 0 | 0 | 431,843 | 431,843 | 12.38 % | |
| Proprietary Total | \$0 | \$3,056,752 | \$431,843 | \$3,488,595 | 4.42 % | |
| Total All Funds | \$74,123,592 | \$3,056,752 | \$1,829,697 | \$79,010,041 | | |

*HB 2 Authority*General Fund

General fund supports the personal services and general operating costs of the Human Rights Bureau and a small percentage of the overall administration of the Employment Standards Division.

State Special Revenue

State special revenue makes up the majority of the total appropriation authority for the 2025 biennium.

A state special revenue account is maintained for each type of license and professional board. Charges and fees paid by licensees are deposited to the accounts, and administrative and operational expenses for the division are charged directly to these funds. One of the largest professional board funds is the building codes account, which accounts for 14.9% of state special revenue authority.

Worker compensation regulation funds make up 14.9% of state special revenue. These funds are generated by an annual administrative assessment of up to 4.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year.

Other state funding sources include the employment security account which is generated through an assessment charged to employers as a percentage of their payroll. Contractor registration funds are generated from registration fees for independent contractor exemptions and construction contractor application fees. These funds support the Worker's Compensation Regulations Bureau and a portion of the division's administration. The uninsured employer fund is used to provide benefits to employees injured on the job while working for an employer that does not carry workers' compensation insurance as required by law. Lastly, the safety administration fund is generated primarily from an annual administrative assessment of up to 2.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year. Penalties assessed on inspection violations, recovery costs for onsite safety and industrial health consultation services to mine and any grants or funds from private entities or the federal government for use by the department in defraying occupational safety and health costs may also be deposited into this fund.

Federal Special Revenue

Federal special revenue makes up a small portion of the division's total appropriation authority for the 2025 biennium. The largest federal fund is the on-site consultation account, which provides funding for on-site safety and health checks of workplaces and job sites.

Non-Budgeted Proprietary Funding

The division oversees the subsequent injury fund, a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to employers who hire them. The fund rate is based on the total amount of paid losses reimbursed by the fund in the preceding calendar year.

The division also oversees the Board of Public Accountants enterprise fund. The Board receives licensing fees, money collected by the department on behalf of the board and interest or earnings on money deposited. This fund was originally a state special revenue account, but it was established as a proprietary fund by the 2015 Legislature. The current Montana Code Annotated (MCA) for the Board of Public Accountants was set to sunset on September 30, 2023, at which time this fund would revert to a state special revenue fund under HB 2. HB 292 removed this sunset date and made the Board of Public Accountants a permanent statutory proprietary fund.

Statutory Funding

The Employment Standards Division has three statutory funds.

- The uninsured employer fund 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 as well as collecting reimbursement of paid benefits
- 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
- The Board of Real Estate Appraisers was established due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires every state to establish an agency for the licensure, certification, and regulation of real estate appraisers. The MCA for the Board of Real Estate Appraisers will sunset on June 30, 2023. The agency proposed legislation to re-establish this statutory appropriation moving forward

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,711,578 | 1,711,578 | 3,423,156 | 98.65 % | 35,050,355 | 35,050,355 | 70,100,710 | 94.57 % |
| SWPL Adjustments | 37,331 | 49,735 | 87,066 | 2.51 % | 1,207,995 | 1,381,795 | 2,589,790 | 3.49 % |
| PL Adjustments | (266) | (260) | (526) | (0.02)% | 2,566,286 | 375,821 | 2,942,107 | 3.97 % |
| New Proposals | (19,500) | (20,094) | (39,594) | (1.14)% | (681,161) | (827,854) | (1,509,015) | (2.04)% |
| Total Budget | \$1,729,143 | \$1,740,959 | \$3,470,102 | | \$38,143,475 | \$35,980,117 | \$74,123,592 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | -----Fiscal 2024----- | | | | -----Fiscal 2025----- | | | | | |
|---|-----------------------|-----------------|--------------------|-----------------|-----------------------|-------------|-----------------|--------------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 2,577 | 299,530 | 8,409 | 310,516 | 0.00 | 13,030 | 406,529 | 12,505 | 432,064 |
| DP 2 - Fixed Costs | 0.00 | 27,719 | 605,991 | 7,868 | 641,578 | 0.00 | 27,923 | 607,717 | 8,322 | 643,962 |
| DP 3 - Inflation Deflation | 0.00 | 7,035 | 241,495 | 7,371 | 255,901 | 0.00 | 8,782 | 286,436 | 10,551 | 305,769 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 15 | 787 | 9 | 811 | 0.00 | 4 | (348) | (4) | (348) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (281) | (11,830) | (356) | (12,467) | 0.00 | (264) | (11,001) | (399) | (11,664) |
| DP 222 - RMTD Adjustment | 0.00 | 1,131 | 24,718 | 321 | 26,170 | 0.00 | 1,135 | 24,697 | 338 | 26,170 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (1,131) | (24,718) | (321) | (26,170) | 0.00 | (1,135) | (24,697) | (338) | (26,170) |
| DP 501 - Board of Public Accountants | 1.51 | 0 | 277,942 | 0 | 277,942 | 2.00 | 0 | 387,833 | 0 | 387,833 |
| DP 504 - Weights and Measures Equipment Request (OTO) | 0.00 | 0 | 2,300,000 | 0 | 2,300,000 | 0.00 | 0 | 0 | 0 | 0 |
| Grand Total All Present Law Adjustments | 1.51 | \$37,065 | \$3,713,915 | \$23,301 | \$3,774,281 | 2.00 | \$49,475 | \$1,677,166 | \$30,975 | \$1,757,616 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 501 - Board of Public Accountants -

The legislature adopted enterprise appropriations for the Board of Public Accountants to revert to state special revenue HB 2 authority due to the sunset of 37-50-209, MCA, on September 30, 2023. This decision package re-establishes the appropriation and 1.51 FTE in FY 2024 and 2.00 FTE in FY 2025 and state special revenue authority.

DP 504 - Weights and Measures Equipment Request (OTO) -

The legislature adopted a one-time-only (OTO) biennial appropriation of state special revenue to purchase new equipment and vehicles for field inspectors to carry out job duties in the Weights and Measures Program. Current equipment is outdated and poses a safety hazard for DOLI employees and the public. DOLI is requesting legislation to allow a one-time transfer of funds to pay for this equipment but will need an appropriation to spend those funds if the transfer is approved. This OTO appropriation was contingent on the passage and approval of SB 53.

The specific equipment needed for this program includes (with estimated current pricing included):

- Three hybrid proving trucks - \$575,000
- Two 100-gallon propane proving trailers - \$150,000
- One airport proving trailer - \$100,000
- Four electric vehicle charge test meters - \$300,000
- One large capacity truck box - \$100,000
- Seven small capacity truck boxes - \$700,000
- Six weight carts - \$300,000
- 56,000 test weights - \$75,000

New Proposals

The “New Proposals” table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|-------------------|--------------------|------------------|--------------------|-----------------------|-------------------|--------------------|------------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 849 | 12,653 | 0 | 13,502 | 0.00 | 849 | 12,653 | 0 | 13,502 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 9,332 | 125,066 | 4,668 | 139,066 | 0.00 | 9,379 | 125,784 | 4,694 | 139,857 |
| DP 333 - Adjustment to Inflation | 0.00 | (2,018) | (69,277) | (2,115) | (73,410) | 0.00 | (2,553) | (83,280) | (3,068) | (88,901) |
| DP 555 - Additional Vacancy Savings | 0.00 | (14,543) | (200,012) | (7,404) | (221,959) | 0.00 | (14,649) | (201,725) | (7,467) | (223,841) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (19,120) | (285,197) | (3,696) | (308,013) | 0.00 | (19,120) | (285,197) | (3,696) | (308,013) |
| DP 1400 - SB 454 | 0.00 | 0 | (3,025) | 0 | (3,025) | 0.00 | 0 | (3,025) | 0 | (3,025) |
| DP 1401 - HB 87 | 0.00 | 0 | 21,400 | 0 | 21,400 | 0.00 | 0 | 21,400 | 0 | 21,400 |
| DP 1402 - HB 292 | (1.51) | 0 | (277,942) | 0 | (277,942) | (2.00) | 0 | (387,833) | 0 | (387,833) |
| DP 1403 - HB 314 | 0.00 | 6,000 | 3,000 | 0 | 9,000 | 0.00 | 6,000 | 3,000 | 0 | 9,000 |
| DP 1404 - SB 284 | 0.00 | 0 | 20,220 | 0 | 20,220 | 0.00 | 0 | 0 | 0 | 0 |
| Total | (1.51) | (\$19,500) | (\$653,114) | (\$8,547) | (\$681,161) | (2.00) | (\$20,094) | (\$798,223) | (\$9,537) | (\$827,854) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$9,207 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry’s Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI’s Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers’ compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 1400 - SB 454 -

The legislature adopted contingency language to decrease appropriations if SB 454 was passed and approved and this decision package implements this language. This bill repeals the Board of Private Security and transfers the administrative authority to the Department of Labor and Industry. The elimination of this board is estimated to save costs of approximately \$3,025 state special revenue each fiscal year.

DP 1401 - HB 87 -

The legislature adopted contingency language to increase appropriations if HB 87 was passed and approved and this decision package implements this language. This bill increases compensation to board members from \$50 per day to \$100 per day. The Department of Labor and Industry has 214 board members who meet on average, twice a year. Therefore, the agency anticipates increased cost of \$21,400 state special revenue each fiscal year.

DP 1402 - HB 292 -

The legislature adopted contingency language if HB 292 was passed and approved and this decision package implements this language. The Board of Public Accountants currently operates as a statutory enterprise proprietary fund that was set to sunset on September 30, 2023. This bill removes the sunset date from statute and makes the Board of Public Accountants a permanent statutory enterprise proprietary fund. This change package removes the HB 2 state special revenue appropriation from DP 501.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

DP 1404 - SB 284 -

The legislature adopted contingency language to increase appropriations if SB 284 was passed and approved and this decision package implements this language. The Department of Labor and Industry is responsible for maintaining the Montana Prescription Drug Registry (MPDR). This bill requires non-controlled medications prescribed as mental health medications be included in the MPDR. The Department of Labor and Industry will need to reconfigure the MPDR to include these medications which is estimated to cost \$20,220 state special revenue in FY 2024.

Other Issues**Proprietary Rates****Subsequent Injury Trust Fund – Fund 06040***Proprietary Program Description*

The Subsequent Injury Fund (SIF) was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. In the event a SIF certified individual is injured on the job, their employer's workers' compensation carrier is only liable for the first 104 weeks of benefits paid. Any benefits paid after that point are reimbursed by the fund, thus minimizing the workers' compensation expenses for the employer's insurer. Beginning July 1, 1999, the fund is maintained by an annual assessment of all Montana employers, including self-insured employers, private insurers, and the State Fund.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|---|--------------------|----------------------------|-------------------------------|------------------|------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06040 | Subsequent Injury- Trust Fund | 66020 | Dept of Labor and Industry | Employment Standards Division | | |
| | | | Actual | Estimated | Reviewed | Reviewed |
| | | | FY 22 | FY 23 | FY 24 | FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| | Subsequent Injury Fund Assessment (and Surcharge) | 1,834,402 | 1,503,328 | 1,503,328 | 1,503,328 | 1,503,328 |
| | Other Operating Revenues | | | | | |
| | Investment Earnings | 882 | - | - | - | - |
| | Total Operating Revenues | 1,835,284 | 1,503,328 | 1,503,328 | 1,503,328 | 1,503,328 |
| Expenses | | | | | | |
| | Personal Services | | | | | |
| | Other Operating Expense | | | | | |
| | Benefits and Claims | 858,653 | 1,503,328 | 1,503,328 | 1,503,328 | 1,503,328 |
| | Securities Lending | 72,410 | (250,211) | (250,211) | (250,211) | (250,211) |
| | Total Operating Expense | 931,063 | 1,253,117 | 1,253,117 | 1,253,117 | 1,253,117 |
| | Operating Income (Loss) | 904,221 | 250,211 | 250,211 | 250,211 | 250,211 |
| | Income (Loss) Before Contributions and Transfers | 904,221 | 250,211 | 250,211 | 250,211 | 250,211 |
| | Capital Contributions | | | | | |
| | Transfers In | | | | | |
| | Transfers Out | (30,022) | (25,048) | (25,048) | (25,048) | (25,048) |
| | Loans and Lease Payments | | | | | |
| | Change in Net Position | 874,199 | 225,163 | 225,163 | 225,163 | 225,163 |
| | Beginning Net Position - July 1 | (1,313,325) | (439,126) | (213,963) | 11,200 | 11,200 |
| | Prior Period Adjustments | | | | | |
| | Change in Net Position | 874,199 | 225,163 | 225,163 | 225,163 | 225,163 |
| | Ending Net Position - June 30 | (439,126) | (213,963) | 11,200 | 236,363 | 236,363 |

Expenses

The expenses of the program consist of administration costs and benefits for certified workers. Expenses are paid out when reimbursement requests are submitted to the department if there are sufficient monies in the fund to cover those expenses.

Revenues

The program is funded through an annual assessment on Plan 1 (self-insured) workers' compensation employers and a surcharge premium paid for Plan 2 (private sector) and Plan 3 (Montana State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-915, MCA) and amounts actually paid out from SIF. The revenue to the fund is collected five times throughout the year.

Proprietary Rate

The SIF rate is set by the Employment Standards Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' experience, future rates beyond one year are unknown. The estimated rates for the program are shown below:

| Requested Rates for Internal Service or Enterprise Funds | | | | |
|---|-------------------------|----------------------------|---------------------------|---------------------------|
| Fee/Rate Information | | | | |
| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Fee Description: | | | | |
| Plan I - Insureds (Admin costs & benefits paid to certified claimants) | 233,864 | 250,566 | 250,566 | 250,566 |
| Plan III - Old Insureds (Admin costs & benefits paid to certified claimants) | 20,476 | 20,033 | 20,033 | 20,033 |
| Plan II & III - (surcharge) (Admin costs & benefits paid to certified claimants) | 1,411,177 | 1,232,729 | 1,232,729 | 1,232,729 |

The rates are based on the workers' compensation (WC) insurance plans' share of the workers' compensation paid losses as compared the net outlay of the subsequent injury fund in a calendar year (39-71-915, MCA).

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Board of Public Accountants – Fund 06086

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

Proprietary Program Description

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|-----------------------------|----------|------------------|--------------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 6086 | Board of Public Accountants | 66020 | Labor & Industry | EMPLOYMENT STANDARDS BSD | | |
| | | | Actual FY 22 | Estimated FY 23 | Proposed FY 24 | Proposed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| | Licenses & Permits | | 363,118 | 360,000 | 360,000 | 360,000 |
| | Charges for Service | | 30,210 | 30,200 | 30,200 | 30,200 |
| | Fines & Forfeits | | 7,705 | 12,000 | 12,000 | 12,000 |
| | Sale of Documents | | 120 | 1,000 | 1,000 | 1,000 |
| | Grants Transfers Misc | | | | | |
| | Other Operating Revenues | | | | | |
| | BOI Investment Earnings | | 1,189 | 12,000 | 12,000 | 12,000 |
| Total Operating Revenues | | | 402,342 | 415,200 | 415,200 | 415,200 |
| Expenses | | | | | | |
| | Personal Services | | 68,816 | 165,002 | 165,002 | 165,002 |
| | Other Operating Expense | | 100,477 | 203,390 | 208,426 | 210,025 |
| | Debt Service | | 496 | 1,397 | 1,397 | 1,397 |
| | Transfers Out | | 21 | 800 | 800 | 800 |
| | Expense C | | | | | |
| Total Operating Expense | | | 169,810 | 370,589 | 375,625 | 377,224 |
| Operating Income (Loss) | | | 232,532 | 44,611 | 39,575 | 37,976 |
| Income (Loss) Before Contributions and Transfers | | | 232,532 | 44,611 | 39,575 | 37,976 |
| Change in Net Position | | | 232,532 | 44,611 | 39,575 | 37,976 |
| Beginning Net Position - July 1 | | | 614,908 | 847,660 | 892,271 | 931,846 |
| | Prior Period Adjustments | | 220 | | | |
| Change in Net Position | | | 232,532 | 44,611 | 39,575 | 37,976 |
| Ending Net Position - June 30 | | | 847,660 | 892,271 | 931,846 | 969,822 |

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

Proprietary Rates

The Board of Public Accountants does not have rates. The Board has fees set based commiserate with costs.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|---------------------------|--------------------------|------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,378,730 | 6,769,541 | (2,609,189) | (27.82)% |
| Operating Expenses | 14,252,174 | 17,233,152 | 2,980,978 | 20.92 % |
| Debt Service | 41,096 | 41,096 | 0 | 0.00 % |
| Total Expenditures | \$23,672,000 | \$24,043,789 | \$371,789 | 1.57 % |
| Proprietary Funds | 23,672,000 | 24,043,789 | 371,789 | 1.57 % |
| Total Funds | \$23,672,000 | \$24,043,789 | \$371,789 | 1.57 % |

Program Description

The Technology Services Division (TSD) provides information technology (IT) services and support for the department including IT project management, application development and network services. Helpdesk, security, procurement, and some other services were transitioned to state ITSD following a merger in 2022 in accordance with the statewide IT Strategic Plan.

Program Highlights

| Technology Services Division Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> • The Technology Services Division is funded entirely with non-budgeted proprietary funds, which are not appropriated in HB 2 • The legislature approved an application rate of \$104 an hour. This is a \$20 increase compared to the previous biennium • The legislature approved an enterprise service rate of approximately \$3.1 million in each fiscal year of the 2025 biennium. This increase is more than double the last biennium's rate due to the agency transferring technical service applications to the Department of Administration. These services will now be billed through the enterprise service rate |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 34.00 | 34.00 | 34.00 | 34.00 |
| Personal Services | 3,443,823 | 4,660,757 | 4,717,973 | 3,375,326 | 3,394,215 |
| Operating Expenses | 7,580,144 | 7,549,388 | 6,702,786 | 8,571,600 | 8,661,552 |
| Debt Service | 177,716 | 20,548 | 20,548 | 20,548 | 20,548 |
| Total Expenditures | \$11,201,683 | \$12,230,693 | \$11,441,307 | \$11,967,474 | \$12,076,315 |
| Proprietary Funds | 11,201,683 | 12,230,693 | 11,441,307 | 11,967,474 | 12,076,315 |
| Total Funds | \$11,201,683 | \$12,230,693 | \$11,441,307 | \$11,967,474 | \$12,076,315 |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 06-Technology Services Division Funding by Source of Authority | | | | | | |
|---|------------|-----------------------------|----------------------------|----------------------|----------------------|--|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| General Fund | 0 | 0 | 0 | 0 | 0.00 % | |
| State Special Total | \$0 | \$0 | \$0 | \$0 | 0.00 % | |
| Federal Special Total | \$0 | \$0 | \$0 | \$0 | 0.00 % | |
| 06568 Technical Services | 0 | 9,417,882 | 0 | 9,417,882 | 39.17 % | |
| 06578 Technical Services Direct | 0 | 14,625,907 | 0 | 14,625,907 | 60.83 % | |
| Proprietary Total | \$0 | \$24,043,789 | \$0 | \$24,043,789 | 100.00 % | |
| Total All Funds | \$0 | \$24,043,789 | \$0 | \$24,043,789 | | |

Non-Budgeted Proprietary Funding

The Technology Services Division is funded entirely with proprietary rates. The two proprietary funds utilized by the division are the technical services account and the technical services direct account. These funds will be discussed in further detail in the proprietary rates section below.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 11,441,307 | 11,441,307 | 22,882,614 | 95.17 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | (1,046,445) | (945,300) | (1,991,745) | (8.28)% |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 64 | 13 | 77 | 0.00 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 1,572,548 | 1,580,295 | 3,152,843 | 13.11 % |
| Total Budget | \$0 | \$0 | \$0 | | \$11,967,474 | \$12,076,315 | \$24,043,789 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|--|-------------|--------------|---------------|-----------------|----------------------|-------------|--------------|---------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | 0 | (1,342,647) | 0.00 | 0 | 0 | 0 | (1,323,758) |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | 0 | (135,484) | 0.00 | 0 | 0 | 0 | (135,878) |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 0 | 431,686 | 0.00 | 0 | 0 | 0 | 514,336 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 0 | 64 | 0.00 | 0 | 0 | 0 | 13 |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 0 | 832 | 0.00 | 0 | 0 | 0 | 832 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | 0 | (832) | 0.00 | 0 | 0 | 0 | (832) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | (\$1,046,381) | 0.00 | \$0 | \$0 | \$0 | (\$945,287) |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

| New Proposals | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|---|-------------|--------------|---------------|-----------------|--------------------|-------------|--------------|---------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 1,797 | 0.00 | 0 | 0 | 0 | 1,797 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 0 | 0 | 21,940 | 0.00 | 0 | 0 | 0 | 22,062 |
| DP 601 - TSD Proprietary Enterprise Rate Change | 0.00 | 0 | 0 | 0 | 1,548,811 | 0.00 | 0 | 0 | 0 | 1,556,436 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$1,572,548 | 0.00 | \$0 | \$0 | \$0 | \$1,580,295 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,225 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature reviewed an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 601 - TSD Proprietary Enterprise Rate Change -

The legislature reviewed an increase in proprietary funding for State Information Technology Services Division (SITSD) costs. The Department of Labor & Industry (DOLI) Technology Services Division's proprietary fund is a pass-through fund for tracking information technology (IT) expenditures charged from SITSD. This fund pays the department's IT expenditures to SITSD and then collects revenue from all divisions to reimburse the fund. This fund's expenditures and revenue collected net to zero.

In FY 2022, DOLI's IT Help-Desk staff were transferred from DOLI to SITSD in the Department of Administration. SITSD will bill DOLI back for these services through SITSD's enterprise rate. DOLI will be billed for the current rate of these services each fiscal year plus an increase due to additional costs. This increase in service costs is due to Cybersecurity and ServiceNow costs, as well as increases in other costs of services provided by SITSD.

Other Issues

Proprietary Rates

The Technology Services Division (TSD) provides information technology services and support for the department including project management and application services including computer programming and database management. There are two funds, the technical and application services fund and the technical services direct fund. These funds are discussed in further detail below.

Technical and Application Services – Fund 06568

Proprietary Program Description

The Application Section provides services related to staff who program, test, and analyze the department’s applications.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|--------------------|----------|--------------------------------|---------------------|------------------|------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06568 | Technical Services | 66020 | Department of Labor & Industry | Technology Services | | |
| | | | Actual | Estimated | Reviewed | Reviewed |
| | | | FY 22 | FY 23 | FY 24 | FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Non-Federal Ind Cost Recovery | | | 3,926,576 | 3,482,622 | 3,256,479 | 3,253,756 |
| Federal Indirect Cost Recoveries | | | 698,714 | 614,580 | 574,673 | 574,192 |
| Total Operating Revenues | | | 4,625,290 | 4,097,202 | 3,831,152 | 3,827,948 |
| Expenses | | | | | | |
| Personal Services | | | 3,207,658 | 2,674,039 | 3,140,200 | 3,210,956 |
| Other Operating Expense | | | 1,317,486 | 1,791,709 | 576,035 | 582,506 |
| Total Operating Expense | | | 4,525,144 | 4,465,748 | 3,716,235 | 3,793,462 |
| Operating Income (Loss) | | | 100,146 | (368,546) | 114,917 | 34,486 |
| Income (Loss) Before Contributions and Transfers | | | 100,146 | (368,546) | 114,917 | 34,486 |
| Capital Contributions | | | | | | |
| Transfers In | | | | | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | - | (11,000) | (11,000) | (11,000) |
| Change in Net Position | | | 100,146 | (379,546) | 103,917 | 23,486 |
| Beginning Net Position - July 1 | | | 544,213 | 643,371 | 263,825 | 367,742 |
| Prior Period Adjustments | | | (988) | | | |
| Change in Net Position | | | 100,146 | (379,546) | 103,917 | 23,486 |
| Ending Net Position - June 30 | | | 643,371 | 263,825 | 367,742 | 391,228 |

Expenses

The major expenses for this fund consist of the personal services for 34.00 FTE, which accounted for \$2.7 million or 59.9% of the total costs in FY 2023. The remaining expenses are for operating expenses.

Revenues

The rate for application services is assessed based on a direct hourly charge to the benefiting division. Revenues for the Application Section are billed to divisions also approved by the legislature and the U.S. Department of Labor.

All programs which utilize these services have a present law adjustment in the budget to account for the rate.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-------------------------|----------------------------|--------------------------|--------------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Application Rate | 84 | 84 | 104 | 104 |
| Technical Services Rate | 266 | 266 | 0 | 0 |

Proprietary Rates

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge. The Technical Services Component was transferred to the Department of Administration during the 2023 biennium leading to the elimination of the rates in the 2025 biennium. However, the legislature adopted rate increases for Application Services in the 2025 biennium due to increased enterprise costs.

Technical Services Direct – Fund 06578

Proprietary Program Description

The Technical Services Direct fund has two rates that are direct pass thru costs to the department divisions. The rate for enterprise services provided by State Information Technology Services Division (SITSD) is allocated on total cost by division FTE. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|--------------------|----------|----------------------------------|---------------------|------------------|------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06578 | Technical Services | 66020 | Department of Labor and Industry | Technology Services | | |
| | | | Actual | Estimated | Reviewed | Reviewed |
| | | | FY 22 | FY 23 | FY 24 | FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Non-Federal Ind Cost Recovery | | | 5,651,385 | 3,859,421 | 4,956,862 | 4,960,925 |
| Federal Indirect Cost Recovery | | | 1,258,752 | 1,900,909 | 2,441,440 | 2,443,440 |
| Other Operating Revenues | | | | | | |
| Total Operating Revenues | | | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Expenses | | | | | | |
| Personal Services | | | | | | |
| Other Operating Expense | | | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Total Operating Expense | | | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Operating Income (Loss) | | | - | - | - | - |
| Change in Net Position | | | - | - | - | - |
| Beginning Net Position - July 1 | | | - | - | - | - |
| Prior Period Adjustments | | | | | | |
| Change in Net Position | | | | | | |
| Ending Net Position - June 30 | | | - | - | - | - |

Expenses

The Technical Services Direct fund includes expenses for pass through information technology expenditures that could be directly related to a division. These include SITSD charges, software purchases, and contract payments.

Revenues

The Enterprise Services rate is all SITSD charges that directly benefit the department. Those total costs are distributed based on department FTE. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and specific SITSD services.

All programs that utilize these services have a present law adjustment in the budget to account for the rate.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Enterprise | 1,452,055 | 1,460,791 | 3,098,763 | 3,104,826 |
| Direct Services | Actual Cost | Actual Cost | Actual Cost | Actual Cost |

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department. The total budgeted SITSD rate for a portion of asset broker, enterprise services, equipment hosting, operational support, server, and storage hosting services are allocated back to divisions based on FTE percentages. The direct services rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 770,697 | 960,147 | 189,450 | 24.58 % |
| Operating Expenses | 737,317 | 856,130 | 118,813 | 16.11 % |
| Grants | 6,176,413 | 6,189,444 | 13,031 | 0.21 % |
| Transfers | 558,331 | 501,300 | (57,031) | (10.21)% |
| Debt Service | 2,844 | 2,344 | (500) | (17.58)% |
| Total Expenditures | \$8,245,602 | \$8,509,365 | \$263,763 | 3.20 % |
| General Fund | 285,630 | 473,093 | 187,463 | 65.63 % |
| State/Other Special Rev. Funds | 24,776 | 24,776 | 0 | 0.00 % |
| Federal Spec. Rev. Funds | 7,935,196 | 8,011,496 | 76,300 | 0.96 % |
| Total Funds | \$8,245,602 | \$8,509,365 | \$263,763 | 3.20 % |
| Total Ongoing | \$8,245,602 | \$8,349,166 | \$103,564 | 1.26 % |
| Total OTO | \$0 | \$160,199 | \$160,199 | 100.00 % |

Program Description

The Governor's Office of Community Service (OCS) and the Governor-appointed Montana Commission on Community Service promotes service and community volunteer opportunities in Montana. OCS administers federal funding to AmeriCorps state programs in Montana. The federal funding is provided by the Corporation for National and Community Service, an independent federal agency. OCS provides a comprehensive array of technical assistance and support national service programs and service organizations throughout Montana.

Program Highlights

| Office of Community Services Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • The legislature adopted an increase to the Office of Community Service's 2025 biennium budget of approximately \$264,000 or 3.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ A one-time-only general fund match fund for an AmeriCorps grant which adds 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025 ◦ Increases in general fund and federal special revenue due to increased rates for centralized services ◦ Decreases in general fund and federal special revenue related to IT costs transferred to the Department of Administration |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 5.00 | 5.00 | 6.00 | 5.50 |
| Personal Services | 379,278 | 381,243 | 389,454 | 495,959 | 464,188 |
| Operating Expenses | 233,672 | 346,417 | 390,900 | 432,631 | 423,499 |
| Grants | 2,469,782 | 3,081,691 | 3,094,722 | 3,094,722 | 3,094,722 |
| Transfers | 307,156 | 307,681 | 250,650 | 250,650 | 250,650 |
| Debt Service | 1,465 | 1,672 | 1,172 | 1,172 | 1,172 |
| Total Expenditures | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,275,134 | \$4,234,231 |
| General Fund | 140,330 | 140,329 | 145,301 | 258,335 | 214,758 |
| State/Other Special Rev. Funds | 0 | 12,388 | 12,388 | 12,388 | 12,388 |
| Federal Spec. Rev. Funds | 3,251,023 | 3,965,987 | 3,969,209 | 4,004,411 | 4,007,085 |
| Total Funds | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,275,134 | \$4,234,231 |
| Total Ongoing | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,172,486 | \$4,176,680 |
| Total OTO | \$0 | \$0 | \$0 | \$102,648 | \$57,551 |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 07-Office of Community Services Funding by Source of Authority | | | | | |
|---|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| 01100 General Fund | 473,093 | 0 | 0 | 473,093 | 5.56 % |
| 02190 OCS - Training | 24,776 | 0 | 0 | 24,776 | 100.00 % |
| State Special Total | \$24,776 | \$0 | \$0 | \$24,776 | 0.29 % |
| 03322 MT Community Service FSR | 8,011,496 | 0 | 0 | 8,011,496 | 100.00 % |
| Federal Special Total | \$8,011,496 | \$0 | \$0 | \$8,011,496 | 94.15 % |
| Proprietary Total | \$0 | \$0 | \$0 | \$0 | 0.00 % |
| Total All Funds | \$8,509,365 | \$0 | \$0 | \$8,509,365 | |

HB 2 Authority

General Fund

The division has a small general fund appropriation, used as a state match portion for federal grants. General fund primarily provides funding for the program's administrative expenses.

State Special Revenue

The Office of Community Services has one state special revenue account for community services related trainings.

Federal Special Revenue

The majority of the Office of Community Services appropriation authority comes from federal special revenue provided through AmeriCorps grants. Federal funds provide funding for administrative expenses as well as funding for grant and special projects administered by the program.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 145,301 | 145,301 | 290,602 | 61.43 % | 4,126,898 | 4,126,898 | 8,253,796 | 97.00 % |
| SWPL Adjustments | 11,431 | 12,910 | 24,341 | 5.15 % | 55,929 | 60,265 | 116,194 | 1.37 % |
| PL Adjustments | (4) | (10) | (14) | (0.00)% | (68) | (78) | (146) | (0.00)% |
| New Proposals | 101,607 | 56,557 | 158,164 | 33.43 % | 92,375 | 47,146 | 139,521 | 1.64 % |
| Total Budget | \$258,335 | \$214,758 | \$473,093 | | \$4,275,134 | \$4,234,231 | \$8,509,365 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|-----------------|---------------|-----------------|-----------------|-----------------------|-----------------|---------------|-----------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 6,280 | 0 | 19,877 | 26,157 | 0.00 | 6,924 | 0 | 21,915 | 28,839 |
| DP 2 - Fixed Costs | 0.00 | 4,014 | 0 | 9,383 | 13,397 | 0.00 | 4,739 | 0 | 8,681 | 13,420 |
| DP 3 - Inflation Deflation | 0.00 | 1,137 | 0 | 15,238 | 16,375 | 0.00 | 1,247 | 0 | 16,759 | 18,006 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 1 | 0 | 1 | 2 | 0.00 | (5) | 0 | (8) | (13) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (5) | 0 | (65) | (70) | 0.00 | (5) | 0 | (60) | (65) |
| Grand Total All Present Law Adjustments | 0.00 | \$11,427 | \$0 | \$44,434 | \$55,861 | 0.00 | \$12,900 | \$0 | \$47,287 | \$60,187 |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|------------------|---------------|------------------|-----------------|-----------------------|-----------------|---------------|------------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 317 | 0 | 0 | 317 | 0.00 | 317 | 0 | 0 | 317 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 608 | 0 | 1,923 | 2,531 | 0.00 | 608 | 0 | 1,923 | 2,531 |
| DP 333 - Adjustment to Inflation | 0.00 | (295) | 0 | (3,954) | (4,249) | 0.00 | (326) | 0 | (4,382) | (4,708) |
| DP 555 - Additional Vacancy Savings | 0.00 | (1,240) | 0 | (3,926) | (5,166) | 0.00 | (1,162) | 0 | (3,677) | (4,839) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (3,931) | 0 | (3,275) | (7,206) | 0.00 | (3,931) | 0 | (3,275) | (7,206) |
| DP 701 - OCS General Fund Match (OTO) | 1.00 | 102,648 | 0 | 0 | 102,648 | 0.50 | 57,551 | 0 | 0 | 57,551 |
| DP 1403 - HB 314 | 0.00 | 3,500 | 0 | 0 | 3,500 | 0.00 | 3,500 | 0 | 0 | 3,500 |
| Total | 1.00 | \$101,607 | \$0 | (\$9,232) | \$92,375 | 0.50 | \$56,557 | \$0 | (\$9,411) | \$47,146 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$216 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 701 - OCS General Fund Match (OTO) -

The legislature adopted one-time-only general fund appropriations to provide a match for American Rescue Plan Act (ARPA) funds. The Office of Community Services received ARPA funds granted from the federal government to engage more Montanans into AmeriCorps. The total general fund needed for this match is approximately \$160,000 over the 2025 biennium and would not continue in future biennia. This change package includes 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|---------------------------|--------------------------|-----------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,259,231 | 1,291,860 | 32,629 | 2.59 % |
| Operating Expenses | 320,080 | 365,899 | 45,819 | 14.31 % |
| Debt Service | 5,930 | 5,930 | 0 | 0.00 % |
| Total Expenditures | \$1,585,241 | \$1,663,689 | \$78,448 | 4.95 % |
| State/Other Special Rev. Funds | 1,585,241 | 1,663,689 | 78,448 | 4.95 % |
| Total Funds | \$1,585,241 | \$1,663,689 | \$78,448 | 4.95 % |
| Total Ongoing | \$1,585,241 | \$1,663,987 | \$78,746 | 4.97 % |
| Total OTO | \$0 | (\$298) | (\$298) | 100.00 % |

Program Description

The Workers' Compensation Court provides a forum for Montana employees, employers, and insurers to resolve disputes arising from work-related injuries and occupational diseases. The court is attached to the department for administrative purposes only.

Program Highlights

| Workers Compensation Court Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> • The legislature adopted an increase to the Workers Compensation Court's 2025 biennium budget of approximately \$78,000 or 5.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, and inflation/deflation ◦ Increases in state special revenue due to increased rates for centralized services ◦ Decreases in state special revenue related to IT costs transferred to the Department of Administration |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Personal Services | 503,069 | 625,663 | 633,568 | 644,376 | 647,484 |
| Operating Expenses | 156,200 | 159,974 | 160,106 | 182,796 | 183,103 |
| Debt Service | 919 | 2,965 | 2,965 | 2,965 | 2,965 |
| Total Expenditures | \$660,188 | \$788,602 | \$796,639 | \$830,137 | \$833,552 |
| State/Other Special Rev. Funds | 660,188 | 788,602 | 796,639 | 830,137 | 833,552 |
| Total Funds | \$660,188 | \$788,602 | \$796,639 | \$830,137 | \$833,552 |
| Total Ongoing | \$660,188 | \$788,602 | \$796,639 | \$830,286 | \$833,701 |
| Total OTO | \$0 | \$0 | \$0 | (\$149) | (\$149) |

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Labor and Industry, 09-Workers Compensation Court Funding by Source of Authority | | | | | |
|---|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 0 | 0 | 0 | 0 | 0.00 % |
| 02455 Workers' Comp Regulation | 1,663,689 | 0 | 0 | 1,663,689 | 100.00 % |
| State Special Total | \$1,663,689 | \$0 | \$0 | \$1,663,689 | 100.00 % |
| Federal Special Total | \$0 | \$0 | \$0 | \$0 | 0.00 % |
| Proprietary Total | \$0 | \$0 | \$0 | \$0 | 0.00 % |
| Total All Funds | \$1,663,689 | \$0 | \$0 | \$1,663,689 | |

HB 2 Authority

State Special Revenue

The Workers Compensation Court is entirely funded with state special revenue derived from an assessment charged to the workers' compensation carriers in Montana. The fee is passed on to Montana businesses when their workers' compensation premiums are determined by the carriers.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 796,639 | 796,639 | 1,593,278 | 95.77 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 45,108 | 48,713 | 93,821 | 5.64 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (93) | (91) | (184) | (0.01)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | (11,517) | (11,709) | (23,226) | (1.40)% |
| Total Budget | \$0 | \$0 | \$0 | | \$830,137 | \$833,552 | \$1,663,689 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|-----------------|-----------------|-----------------|-----------------------|--------------|-----------------|-----------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 17,591 | 0 | 17,591 | 0.00 | 0 | 20,732 | 0 | 20,732 |
| DP 2 - Fixed Costs | 0.00 | 0 | 24,709 | 0 | 24,709 | 0.00 | 0 | 24,758 | 0 | 24,758 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 2,808 | 0 | 2,808 | 0.00 | 0 | 3,223 | 0 | 3,223 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 11 | 0 | 11 | 0.00 | 0 | 7 | 0 | 7 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (104) | 0 | (104) | 0.00 | 0 | (98) | 0 | (98) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 149 | 0 | 149 | 0.00 | 0 | 149 | 0 | 149 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (149) | 0 | (149) | 0.00 | 0 | (149) | 0 | (149) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$45,015 | \$0 | \$45,015 | 0.00 | \$0 | \$48,622 | \$0 | \$48,622 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The “New Proposals” table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|--------------|-------------------|-----------------|-------------------|-----------------------|--------------|-------------------|-----------------|-------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 370 | 0 | 370 | 0.00 | 0 | 370 | 0 | 370 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 4,233 | 0 | 4,233 | 0.00 | 0 | 4,253 | 0 | 4,253 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (931) | 0 | (931) | 0.00 | 0 | (1,110) | 0 | (1,110) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (6,783) | 0 | (6,783) | 0.00 | 0 | (6,816) | 0 | (6,816) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (8,406) | 0 | (8,406) | 0.00 | 0 | (8,406) | 0 | (8,406) |
| Total | 0.00 | \$0 | (\$11,517) | \$0 | (\$11,517) | 0.00 | \$0 | (\$11,709) | \$0 | (\$11,709) |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$252 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenue appropriations in the 2025 biennium. The Department of Labor & Industry’s Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI’s Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers’ compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.