

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	293.95	293.95	293.95	293.95	293.95	293.95	0.00	0.00%
Personal Services	14,375,781	15,812,593	15,822,482	15,849,426	30,188,374	31,671,908	1,483,534	4.91%
Operating Expenses	6,255,553	6,520,131	6,891,046	6,880,398	12,775,684	13,771,444	995,760	7.79%
Equipment & Intangible Assets	9,209	50,261	9,209	9,209	59,470	18,418	(41,052)	(69.03%)
Grants	9,031,994	9,319,862	8,483,517	8,483,517	18,351,856	16,967,034	(1,384,822)	(7.55%)
Transfers	333,399	171,867	333,399	333,399	505,266	666,798	161,532	31.97%
Debt Service	3,889	0	13,103	13,103	3,889	26,206	22,317	573.85%
Total Costs	\$30,009,825	\$31,874,714	\$31,552,756	\$31,569,052	\$61,884,539	\$63,121,808	\$1,237,269	2.00%
General Fund	0	0	3,246	3,246	0	6,492	6,492	n/a
State Special	9,558,551	10,684,411	9,141,677	9,141,879	20,242,962	18,283,556	(1,959,406)	(9.68%)
Federal Special	20,451,274	21,190,303	22,407,833	22,423,927	41,641,577	44,831,760	3,190,183	7.66%
Total Funds	\$30,009,825	\$31,874,714	\$31,552,756	\$31,569,052	\$61,884,539	\$63,121,808	\$1,237,269	2.00%

Program Description

The Workforce Services Division (WSD) operates as a gateway to government services including:

- Retraining and reemployment services for laid-off workers
- Employment and training services for people transitioning from welfare to work
- Employment services for youth, veterans, seasonal/migrant farm workers, and general job seekers

WSD operates four bureaus including:

- Job Service Operations Bureau which coordinates and guides the delivery of workforce development services to communities through a network of 25 Job Service Centers across the state.
- 21st Century Workforce Technology, Apprenticeship & Training Bureau administers the Apprenticeship and Training Program, Jobs for Montana Graduates, Incumbent Worker Training Program, and the State Workforce Investment Board (SWIB).
- Statewide Workforce Programs and Oversight Bureau performs oversight, regulatory, fiscal, tracking, registration, and support functions statewide for both state and federal programs such as the State Displaced Homemaker Program, Employee Protection Act, Workforce Investment Act (WIA), Trade Adjustment Assistance (TAA) and MontanaWorks.
- Research and Analysis Bureau works in partnership with the US Department of Labor to provide labor market information that is used at the national and state level by businesses, policy makers, and educators. The bureau also provides career resources for use by educators, students, workforce development agencies, and job seekers.

Program Highlights

Workforce Services Division Major Budget Highlights	
◆	Costs increases in personal services are due to: <ul style="list-style-type: none"> • Fully funding positions that had experienced a vacancy rate in the base year above the 2015 biennium budgeted rate of 4% • Increases for broadband pay adjustments
◆	Operating expenses increases are for: <ul style="list-style-type: none"> • Reinstating building maintenance costs transferred to the Department of Administration • Fixed costs, including information technology and rent
◆	Funding for the Incumbent Worker Training Program is eliminated in HB 2
◆	General fund is reduced \$0.5 million due to a funding shift to federal funds for the Human Rights Bureau

Program Narrative

The figure below shows the legislative budgets for each program within the division for the 2015 biennium.

Department of Labor and Industry Work Force Services Division 2015 Biennium Budget					
	Job Service Operations	Statewide Workforce Prms and Oversight	21st Century Workforce Tech Appren	Research & Analysis	2015 Biennium Total
FTE	246.35	10.62	16.12	20.86	293.95
Costs					
Personal Services	\$25,755,628	\$1,443,709	\$1,782,331	\$2,690,240	\$31,671,908
Operating Costs	10,879,585	617,052	800,557	1,474,250	13,771,444
Equipment and Intangible Assets	18,418	0	0	0	18,418
Grants	8,103,170	8,579,864	284,000	0	16,967,034
Transfers	350,042	316,756	0	0	666,798
Debt Service	<u>26,206</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,206</u>
Total Costs	<u>\$45,133,049</u>	<u>\$10,957,381</u>	<u>\$2,866,888</u>	<u>\$4,164,490</u>	<u>\$63,121,808</u>
Funding					
General Fund	\$0	\$0	\$0	\$6,492	\$6,492
State Special Revenue	14,226,411	516,768	2,303,761	1,236,616	18,283,556
Federal Special Revenue	<u>30,906,638</u>	<u>10,440,613</u>	<u>563,127</u>	<u>2,921,382</u>	<u>44,831,760</u>
Total Funding	<u>\$45,133,049</u>	<u>\$10,957,381</u>	<u>\$2,866,888</u>	<u>\$4,164,490</u>	<u>\$63,121,808</u>

The majority of the funding is budgeted for job service operations that support job service offices around Montana. Changes to the budget include an increase of \$2.8 million in personal services when compared to the FY 2012 base budget as part of the changes made in the statewide present law adjustments. The bureau experienced a significant level of vacancies during the base year with an overall rate of 9.1%. The legislature approved refunding the vacancies, including full funding for the 26.5 FTE or 10.7% of the positions that were open at the time the budget was established.

Other increases approved by the legislature in personal services include:

- Broadband pay increases granted throughout FY 2012 that are annualized for the 2015 biennium
- Statutorily required longevity increases

Operating expenses increase due to:

- o State Information Technology Services Division fixed costs - \$0.7 million
- o Increased costs for building maintenance by the amount transferred to the Architecture and Engineering Division for maintenance on the Helena Job Service Office - \$0.5 million

The majority of the increases are supported by additional federal funds. State special revenues decline due to a funding shift from state special revenues to federal funds that is contained in the statewide present law adjustments.

The legislature provided \$1.3 million in funding from the worker training and economic development account in the state special revenue fund to support the Incumbent Worker Training Program. The statutory authority for the funding and the transfer mechanism to establish the funding for the account was included in HB 627, which failed to pass the legislature. The Governor then eliminated the appropriation through a line item veto. In addition, the legislature provided \$2.0 million in state special revenue from a general fund transfer for the operations of the Department of Labor and Industry. The division could either fund the program utilizing \$1.3 million of the funding provided in SB 410 or eliminate the program.

HB 627 also included amendments to statute that authorized further uses of the employment security account, including funding the Jobs for Montana Graduates Program and a portion of the Research and Analysis Bureau functions. The 2011 Legislature appropriated funds for these programs from the employment security account without changing the statute. The 2013 Legislature continued funding the programs from the employment security account at \$1.7 million over the biennium but included the uses in HB 627, which failed to pass. Legislative legal staff states that statute likely allows continued use of these funds for these purposes.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Labor & Industry Funding by Source of Authority 2015 Biennium Budget - Work Force Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,492	\$0	\$0	\$6,492	0.0%		
State Special Total	\$18,283,556	\$0	\$0	\$18,283,556	29.0%		
02258 Employment Security Account	\$18,116,181	\$0	\$0	\$18,116,181	28.7%		
02455 Workers' Comp Regulation	\$167,375	\$0	\$0	\$167,375	0.3%		
Federal Special Total	\$44,831,760	\$0	\$0	\$44,831,760	71.0%		
03124 Employment Trng Grants	\$17,397,438	\$0	\$0	\$17,397,438	27.5%		
03128 L & I Federal Funding	\$522,596	\$0	\$0	\$522,596	0.8%		
03131 Osha Stat Prgm Fed.st Sdy	\$171,363	\$0	\$0	\$171,363	0.3%		
03194 Research/analysis Crn	\$1,506,559	\$0	\$0	\$1,506,559	2.4%		
03197 Wsd-dept Of Education Grant	\$2,395,480	\$0	\$0	\$2,395,480	3.8%		
03297 Labor And Industry Veteran Gra	\$1,100,000	\$0	\$0	\$1,100,000	1.7%		
03682 Wagner Peyser	\$10,374,508	\$0	\$0	\$10,374,508	16.4%		
03692 Alien Labor Certification(alc)	\$173,654	\$0	\$0	\$173,654	0.3%		
03693 Wrk Opportunities Tx Crdt/wotc	\$201,101	\$0	\$0	\$201,101	0.3%		
03694 Trade Adjustment Assist/nafta	\$10,972,601	\$0	\$0	\$10,972,601	17.4%		
03954 Ui Administrative Grants	\$16,460	\$0	\$0	\$16,460	0.0%		
Proprietary Total	\$0	\$31,600	\$0	\$31,600	0.1%		
06051 Montana Career Info System	\$0	\$31,600	\$0	\$31,600	0.1%		
Total All Funds	\$63,121,808	\$31,600	\$0	\$63,153,408	100.0%		
Percent - Total All Sources	99.9%	0.1%	0.0%				

HB 2 Funding

The majority of the state special revenue funding is from the employment security account. The revenue for this account is generated from an administrative assessment against the payroll of Montana employers. Statute enumerates the uses of the fund, including the operating expenses of the job service offices.

Approximately 70% of the total funding for the Workforce Services Division is from federal special revenue. Nearly 90% of this funding is from three federal programs: 1) Wagner-Peyser Act; 2) Workforce Investment Act; and 3) Trade Adjustment Assistance Program (Trade Act of 1974). The uses and requirements for these funds are determined by the federal agencies granting the funding.

Proprietary Funds

The proprietary funding is considered and approved as rates charged to entities participating in the Montana Career Information System and are discussed in the “Proprietary Rates” section of the narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	30,009,825	30,009,825	60,019,650	95.09%
Statewide PL Adjustments	0	0	0	0.00%	1,891,414	1,908,178	3,799,592	6.02%
Other PL Adjustments	3,246	3,246	6,492	100.00%	276,220	276,261	552,481	0.88%
New Proposals	0	0	0	0.00%	(624,703)	(625,212)	(1,249,915)	(1.98%)
Total Budget	\$3,246	\$3,246	\$6,492		\$31,552,756	\$31,569,052	\$63,121,808	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,176,931					2,198,181
Vacancy Savings					(662,024)					(662,851)
Inflation/Deflation					(11,269)					(5,172)
Fixed Costs					387,776					378,020
Total Statewide Present Law Adjustments		\$0	(\$51,282)	\$1,942,696	\$1,891,414		\$0	(\$50,612)	\$1,958,790	\$1,908,178
DP 50 - Initial Motion to FY 2012 Base	0.00	0	51,282	(1,942,696)	(1,891,414)	0.00	0	50,612	(1,958,790)	(1,908,178)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	511,632	1,003,275	1,514,907	0.00	0	518,920	1,016,410	1,535,330
DP 52 - Adjustment for Statewide Operations	0.00	0	137,586	241,785	379,371	0.00	0	136,452	239,301	375,753
DP 53 - Base Funding Switch	0.00	0	(697,636)	697,636	0	0.00	0	(703,079)	703,079	0
DP 104 - WSD Rent Adjustment	0.00	3,246	11,633	13,863	28,742	0.00	3,246	11,633	13,863	28,742
DP 105 - Reinstate for Appropriation Transfer	0.00	0	244,614	0	244,614	0.00	0	244,614	0	244,614
Total Other Present Law Adjustments	0.00	\$3,246	\$259,111	\$13,863	\$276,220	0.00	\$3,246	\$259,152	\$13,863	\$276,261
Grand Total All Present Law Adjustments	0.00	\$3,246	\$207,829	\$1,956,559	\$2,167,634	0.00	\$3,246	\$208,540	\$1,972,653	\$2,184,439

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government and Natural Resource and Transportation subcommittees.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 104 - WSD Rent Adjustment - The legislature approved \$28,742 in each year of the biennium for an increase in off campus rent related to job service offices around the state.

DP 105 - Reinstate for Appropriation Transfer - The legislature approved an appropriation transfer to the Architecture and Engineering Division in the Department of Administration for building maintenance.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Legal Funding Switch										
01	0.00	0	16,443	0	16,443	0.00	0	16,443	0	16,443
DP 107 - Worker Training and Economic Development (OTO)										
01	0.00	0	(641,146)	0	(641,146)	0.00	0	(641,655)	0	(641,655)
Total	0.00	\$0	(\$624,703)	\$0	(\$624,703)	0.00	\$0	(\$625,212)	\$0	(\$625,212)

DP 101 - Legal Funding Switch - The legislature approved a funding switch to formalize a reorganization of the department's legal structure. The Legal Unit was operating under two different methodologies and now operates under one, sharing resources and expertise to provide legal services to the department. This affects five programs within the department, reducing HB 2 authority in the Centralized Services Division and increasing HB 2 authority in the other divisions in order to pay for estimated legal services.

DP 107 - Worker Training and Economic Development (OTO) - The legislature included a worker training and economic development account in the state special revenue fund for the purpose of providing a source of revenue to fund the costs that the state incurred in programs for incumbent worker training in HB 2. The funding change reduced support for the Incumbent Worker Training Program from the employment security account and changed the funding to the worker training and economic development account. The legislature failed to approve HB 627, which included the statutory authority for the new funding. As a result, the Governor vetoed the line item appropriation for the Incumbent Worker Training Program in HB 2 and only the reduction from the employment security account remains in HB 2.

Proprietary Rates

Montana Career Info System - 06051

Program Description

The purpose of Montana Career Information System (MCIS) is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. MCIS is currently being funded by a College Access Challenge Grant for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. When the grant ends, MCIS will need to seek other funding or resort back to license fees for the basic system.

There are currently optional components of MCIS not funded by the grant that requires the program to collect fees associated with each optional component.

Program Narrative

Expenses

The expenses of the proprietary program 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.

Proprietary Rates

For the 2015 biennium the following rates were approved by the legislature. The rates have not changed from those charged in the base year IDEAS Assessment:

- \$100 per site license per year
- Dependable Strengths: \$200 per site license per year
- Peterson's Academic Practice Tests: (per site, per practice test package)
- Enrollment up to 200 - \$225
- Enrollment 201-500 - \$275
- Enrollment over 500 - \$325
- Peterson's Civil Service Practice Test Package: (per site)
- Schools - \$200
- Agencies - \$225

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.