



2021-2022 Accomplishments & Efficiencies

Two Years of Historic Economic Growth in Montana

Since Governor Gianforte took office, Montana has experienced an era of unprecedented economic strength. Here are some highlights from Montana's economic performance over the last two years.

➤ **More Montanans Working Than Ever Before**

- In the midst of the COVID-19 pandemic, some 53,000 Montanans lost their jobs and unemployment skyrocketed to 12%. Since Governor Gianforte was elected, nearly 32,000 jobs have been added to Montana's economy. More than 551,000 Montanans are working – more than ever before – and Montana has enjoyed one of the strongest post-COVID job recoveries in the nation.

➤ **Record Low Unemployment**

- With more jobs comes lower unemployment, and 2022 was a record-setting year in Montana. In January of 2022, Montana set a new record-low unemployment rate, at 2.7%, and over the course of the year it continued to set records – eventually declining to just 2.3% in March and April. Despite Montana's overall population growth over the years, Montana set a record for the fewest number of unemployed workers in recorded history.

Montana's unemployment rate has ticked up slightly as the winter months have approached, due largely to national economic headwinds.

➤ **Growing Montana's Labor Force**

- One of the biggest challenges facing employers remains finding qualified employees, and DLI is committed to helping more workers back into the labor force and providing them with the skills they need. Today, Montana's labor force is larger than ever, almost 23,000 workers larger than pre-pandemic levels.

Operational Efficiencies

At Governor Gianforte's direction, DLI has taken considerable steps to improve operational efficiency, identify cost savings and ensure Montana taxpayers are getting the most out of their dollars.

➤ **Modernizing DLI's Outdated Unemployment Insurance System**

- DLI is developing a modern Unemployment Insurance benefits processing system to replace its 20+ year old, outdated system. Procured at a fraction of the cost of similar systems under development by other states, the new system, known as MUSE, will lead to significant operational efficiencies, customer service improvements, and reduced FTE needs. The new system is on schedule to go live in October of 2023.



Concurrent with the modernization project is an effort to closely examine the UI Division's expenses to identify areas where costs can be reduced and processes streamlined to reduce overhead expenses and ensure future UI program solvency.

➤ **Streamlining DLI's Workforce Services Division**

- The Department launched a comprehensive business study of the Workforce Services Division, which operates 17 Job Service Montana offices across the state and a host of other workforce development programs, to identify areas in need of improvement and recommend ways to improve efficiency and customer service.

Following the conclusion of the study, the Division underwent a top-to-bottom reorganization. The result is a new, restructured Workforce Services Division with a renewed emphasis on employer engagement, workforce training, and education programs, as well as the elimination of 25 unneeded FTEs across WSD.

➤ **Consolidating IT Services**

- DLI was the lead Department to consolidate services and personnel with State ITSD, an important component of the Governor's IT Strategic Plan. The Department's Technology Services Division conducted a partial merger with SITSD. Desktop support services, security, and procurement were transitioned to SITSD, and personnel were reassigned accordingly.

While processes between SITSD and DLI are still being developed, the resulting consolidation of IT services has streamlined performance, and will serve as a model for future consolidation of IT resources enterprise-wide.

➤ **Finding Efficiencies in Workplace Standards and Safety**

- At the start of 2022, DLI had two separate Divisions – Employment Relations and Business Standards – dedicated to workplace safety, standards, and oversight. While each performed important functions, it became clear to DLI leadership that many of these functions overlapped and could be streamlined.

In the fall of 2022, these two Divisions were merged under a single division administrator, and presently the new Employment Standards Division is consolidating functions and operations, identifying areas of overlap and inefficiency, and streamlining customer services.

➤ **Strengthening Fiscal Processes to Improve Accountability and Transparency**

- Traditionally, DLI's fiscal functions have been divided between the Department's Centralized Services Division (CSD), which handles fiscal and accounting operations Department-wide, and individual fiscal units within each operating Division. To improve internal controls, standardize fiscal practices and centralize accounting data, the Department consolidated fiscal functions within CSD.

DLI shifted fiscal personnel from the operating divisions to CSD, where they work under the supervision of the Department's fiscal and accounting leadership team. As a result,

fiscal information is more accurate and Department leadership – as well as auditors, the legislature, and taxpayers – can have more confidence in the financial information they receive.

Customer Wins

Concurrent with DLI's focus on efficiency has been an effort to improve customer service, strengthen Montana's workforce, and empower Montanans through work and opportunity.

- **Creating More Good-Paying Jobs Over \$50,000 a Year**
 - Upon taking office, the Governor set a clear goal: the creation of 10,000 new Montana jobs paying over \$50,000 a year. Since then, Montana has met and exceeded this goal, creating nearly 13,000 new good-paying jobs in 2021 and some 14,000 new jobs through just the first three quarters of 2022.
- **Leading the Nation in Ending Pandemic UI Benefits**
 - In the midst of the COVID-19 pandemic, Congress created a series of supplemental unemployment insurance (UI) benefits programs, administered by the states, to combat the economic effects of COVID-related shutdowns. These programs dramatically expanded eligibility for benefits, and increased benefit amounts.

By mid-2021, however, in Montana the circumstances that necessitated the creation of those programs no longer existed. As Montana experienced a post-COVID economic boom, a worker shortage became the state's largest looming challenge. Because of the federal pandemic UI programs, many Montana workers were earning more in unemployment benefits than they were earning through work.

At the Governor's direction, DLI took action – becoming the first state in the nation to opt-out of the federal pandemic UI programs. Within weeks, dozens of other states had followed suit.

DLI executed the complicated process of unwinding the federal programs seamlessly, and launched a Return-to-Work Bonus program to further incentivize UI beneficiaries to re-enter the workforce. Subsequent studies have shown that Montana, and states that followed its lead, had significant measurable positive economic outcomes as a result.

- **Expanding Access to Registered Apprenticeships**
 - Montana's Registered Apprenticeship Program enables thousands of Montana workers to get paid to learn on-the-job, giving them a useful and transferrable credential and putting them on a path to a sustainable, good-paying career. But rules regarding apprenticeships – specifically, the ratios of apprentices to journeymen needed to supervise them – were outdated. Essentially, two master journeymen were required to supervise a single apprentice.

At the Governor's direction, the Department revamped these rules. Today, a single journeyman can supervise up to two apprentices. This enables employers – particularly

small employers – to expand their apprenticeship programs and offer the opportunity of apprenticeship to more Montana workers. 2022 saw record growth in the Registered Apprenticeship program, and is on track to enroll more new apprentices than in any other year prior.

➤ **Leveraging Federal Funds for Workforce Development**

- Leveraging federal American Rescue Plan Act (ARPA) dollars, DLI has engaged in a partnership with Accelerate Montana – an innovative non-profit associated with the University of Montana – to launch a rapid training program. The program partners with employers in priority industries like manufacturing, construction and health care to help them gain access to entry-ready talent, while helping prospective workers find the training they need for the jobs they want. To date, some 500 workers have enrolled in or completed training in highly flexible, fast and relevant courses.

Another pot of federal ARPA dollars has been put to use by the Department's Job Service team, partnering with existing training providers around the state to provide upskilling opportunities. This program has seen tremendous success as well, with more than 550 enrolling in a diverse range of training programs including Commercial Drivers License (CDL), Certified Nurse Assistant (CNA), and Emergency Medical Technician (EMT).

Between the two programs, more than 1,000 Montanans have received affordable, rapid skills re-training this year alone.

➤ **Reducing Red Tape in Rulemaking**

- Reforming and reducing red tape and bureaucracy within state government is a key part of the Governor's agenda. Spearheaded by Lt. Governor Kristen Juras, this enterprise-wide effort is reducing the regulatory and paperwork burdens on families and employers across the state. As part of this process, DLI has been conducting a thorough review of its myriad rules and regulations.

Since the start of 2021, the Department has repealed 183 rules entirely, while streamlining or modifying another 358 rules. This process will make DLI's regulatory responsibilities easier to implement, and help everyday Montanans navigate state processes.

➤ **Bringing Needed Health Care Workers to Montana**

- Attrition in the health care sector following the COVID-19 pandemic has left Montana providers short-staffed and in dire need of workers. At the direction of the Governor's Office, DLI utilized federal ARPA funds to launch the CARE in Montana program. The program offers relocation reimbursement incentives to health care professionals who relocate to Montana from outside the state and work in approved health care settings. To date, this program has aided the recruitment of 100 health care workers to Montana from 25 different states, and paid out \$650,000 in reimbursement incentives.

➤ **Keeping Taxes Low for Employers**

- Among DLI's key responsibilities is the maintenance of the Unemployment Insurance Trust Fund, which funds the payment of UI benefits to claimants. Trust fund levels are set by federal standards, depending on the state's taxable wage base. Montana employers are assessed a tax on the wages they pay to finance the Trust Fund and ensure its solvency. This tax fluctuates year-to-year as needed to keep the trust fund solvent, with Schedule 1 imposing the lowest rate of tax on employers and Schedule 10 the highest.

With sound fiscal management, the Department has been able to keep the UI employer tax level at "Schedule 1" for three consecutive years – preventing a tax hike on businesses of all sizes while keeping the trust fund solvent to pay benefits as needed to UI claimants.

➤ **Eliminating the Unemployment Insurance Benefits Backlog**

- During the COVID-19 pandemic, Montana UI faced an unprecedented volume of claims practically overnight. This led to a significant backlog of claims, and a reduction in the timeliness of payments. At the Governor's direction, one of DLI's first priorities was eliminating the backlog of claims and ensuring claimants receive their benefits in a timely way when they need them the most.

Today, Montana UI has almost completely erased its post-COVID claims backlog. In February of 2021, UI had a backlog of some 14,500 issues with claims, and only 37% of its claims were processed in accordance with federal standards of timeliness. Today, that backlog is functionally gone and timeliness consistently exceeds 80% -- the federal gold standard for a well-run UI benefits program.

➤ **Providing Resources for Flood Victims**

- Following historic flooding in south-central Montana, DLI immediately went to work to provide resources for flood victims. The agency's Unemployment Insurance Division rapidly stood up a Disaster Unemployment Assistance program, a FEMA-sponsored service to provide emergency unemployment benefits for individuals who lost or could not access their jobs due to the disaster. DLI's Job Service personnel were on the ground in the affected counties, helping individuals in need apply for benefits and apply for new jobs to help them get back on their feet as fast as possible.