

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY17-18 Executive Budget Review Louisiana Workforce Commission

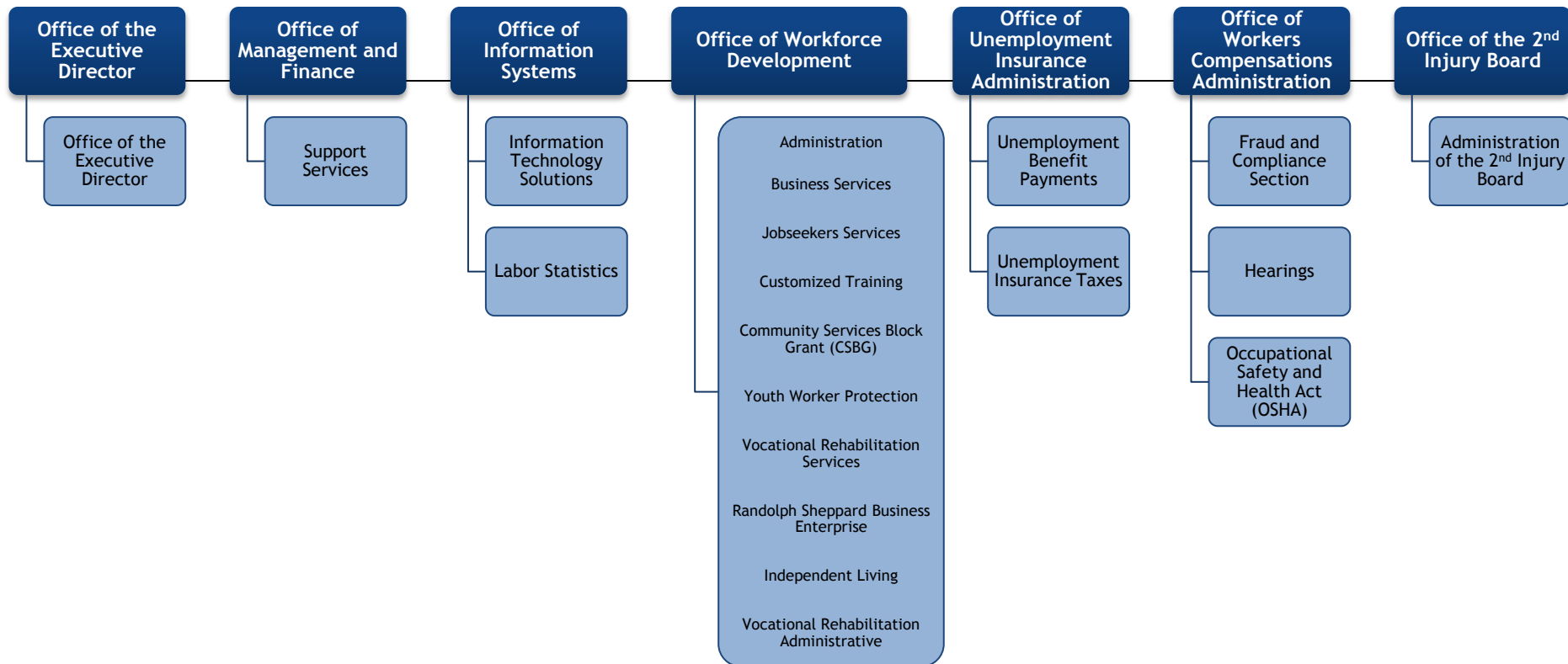
House Committee on Appropriations
Prepared by the House Fiscal Division

April 4, 2017

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DEPARTMENT ORGANIZATION



OFFICE OF THE EXECUTIVE DIRECTOR

Office of the Executive Director

- Provides leadership and administrative services to support the entire department.
- Provides legal guidance for the department.
- Performs internal financial and performance audits.

*Louisiana Workforce Commission
Baton Rouge, LA*



Picture Source: *Louisiana Workforce Commission*

OFFICE OF MANAGEMENT AND FINANCE

Support Services

- Provides the necessary staffing to deliver information on compensation to citizens.
- Provides accounting for the funding that passes through the department.



OFFICE OF INFORMATION SYSTEM

Information Technology Solutions

- Ensures that the Internal Revenue Service (IRS) data that the department collects is properly secured and monitored.
- Verifies those who are accessing the IRS data have the proper access and training.

Labor Statistics

- Collects and provides timely and accurate labor market and economic data.
- Provides technology solutions to the department, as needed.



OFFICE OF WORKFORCE DEVELOPMENT

Administration

- Receives federal funds for Community Services and Community Development Block Grants and re-allocates funds across the state to the 8 Workforce Investment Areas, seen pictured on the right.

Business Services

- Delivers services to ensure there is a quality workforce that is aligned with the needs of the State.
- Works with employees in finding employment if a large layoff or closure occurs.

Jobseeker Services

- Works with integrating agencies and employment services to the youths, adults, dislocated, and unemployed of the state.

Customized Training

- Provides funds for Louisiana businesses to partner with Louisiana based training providers. The providers will deliver customized training to the employees of the awarded companies.

Community Services Block Grant

- Provides funding for 42 community action agencies that network in rural and urban communities throughout the State. These agencies assist low-income individuals and families to combat poverty related conditions.

Workforce Investment Areas



OFFICE OF WORKFORCE DEVELOPMENT

Youth Worker Protection

- Provides services and assistance to business and jobseekers, as well as oversight and compliance audits relative to several labor laws, including the Minor Labor Law.

Vocational Rehabilitation Services for Career Development and Employment

- Provides professional outcome based vocational rehabilitation services throughout the state to individuals with disabilities.

Randolph Sheppard Business Enterprise

- Provides entrepreneurial opportunities for consumers who are legally blind and manage food service businesses by giving preference for such operations on federal and state property.

Independent Living

- Seeks to enable individuals who have significant disabilities to function more independently in their home, work, and community environments.

Vocational Rehabilitation Administrative

- Provides administrative support for the Vocational Rehabilitation Program.

Workforce Investment Areas



OFFICE OF UNEMPLOYMENT INSURANCE ADMINISTRATION

Unemployment Benefit Payments

- Provides temporary benefits to those unemployed in Louisiana.
- Responsible for determination of monetary entitlement and weekly eligibility verification.

Unemployment Insurance Taxes

- Registers employers, assigns tax rates, and collects taxes from employers determined to be subject to Louisiana Employment Security Law.
- Performs compliance audits to ensure employers are reporting properly.



OFFICE OF WORKERS' COMPENSATION ADMINISTRATION

Fraud and Compliance

- Responsible for investigating fraudulent activity by any party affiliated with the Workers' Compensation System.

Hearings

- Conducts hearings on the claims for benefits to reach a mutually agreeable level of compensation for the injured worker.

Occupational Safety and Health Act (OSHA)

- Provides consultation, regulation, enforcement, and educational information to employers regarding the state guidelines for safe work environments.



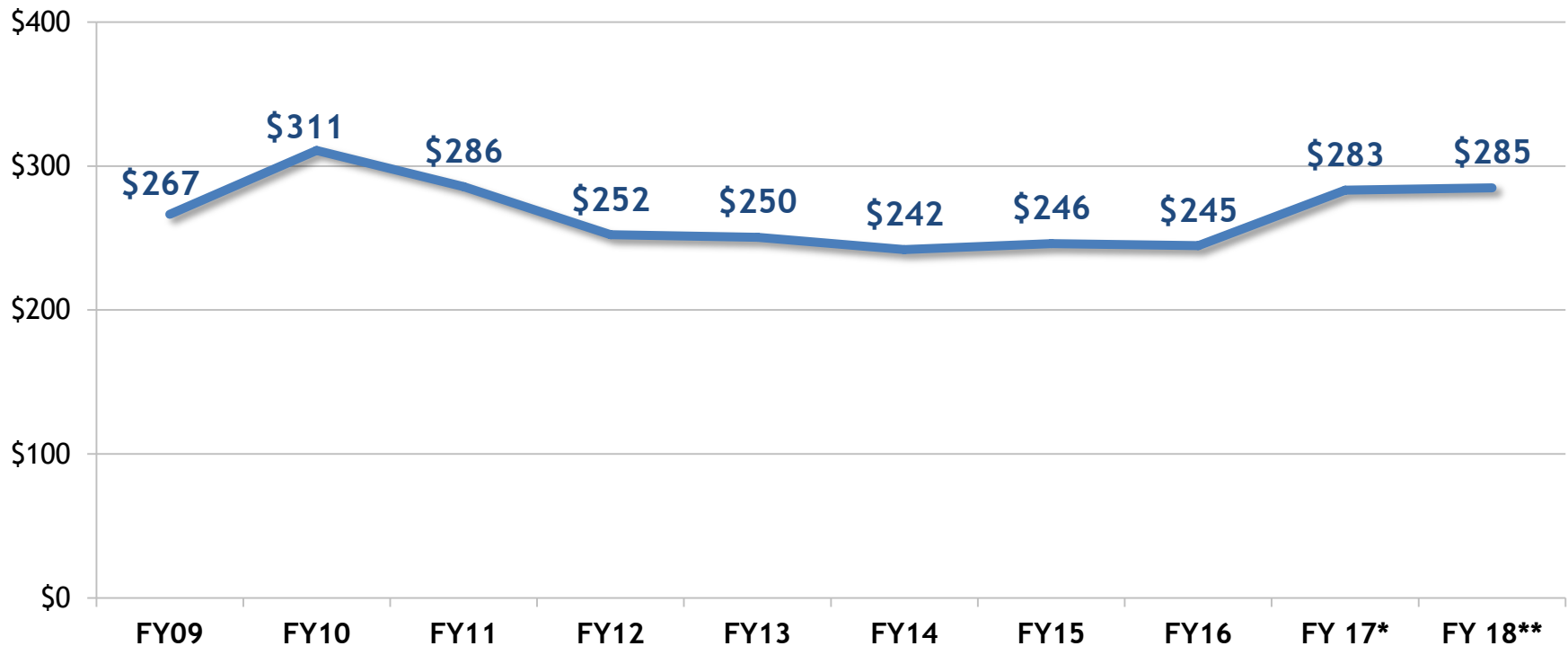
OFFICE OF THE 2ND INJURY BOARD

Administration of the 2nd Injury Board

- Encourages the employment and retention of physically handicapped employees by covering the costs for workers' compensation benefits for those employees.
 - This protects an employer's group self-insured funds and property and casualty insurers from excess liability for workers' compensation.
- Prior to payment of workers' compensation claims, the program will investigate to ensure that all criteria are met for a 2nd injury claim.



BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/16
**Governor's Executive Budget Recommendation

MAJOR SOURCES OF REVENUE

Self-generated Revenue \$272,219

Self-generated Revenues are typically donations the department receives that are used for rehabilitative services . These donations can be used to draw down Federal Funds through Louisiana Rehabilitative Services.

Statutory Dedications \$110.4 Million

There are six Statutory Dedications within the department, which includes the following:

- Employment Security Administration Account
- Penalty and Interest Account
- Incumbent Worker Training Account
- Workers' Compensation Administration Fund
- Workers' Compensation 2nd Injury Fund
- Blind Vendors Trust Fund

Interagency Transfers \$6.6 Million

The department will receive three Interagency Transfers from other agencies to fund various programs:

- LaJET (Louisiana Job Employment and Training Program) from DCFS
- STEP (Strategies to Empower People) from DCFS
- Funding to be utilized in LRS (Louisiana Vocational Rehabilitative Services) from LCTCS

Federal Funding \$161.2 Million

Federal Funds consist of funds largely from the following:

- Vocational Rehabilitative Services
- Reed Act
- Unemployment Insurance
- Workforce Investment and Opportunity Act
- Occupational Safety and Health Act
- Employment and Training Grant

STATUTORY DEDICATIONS

| Statutory Dedication | FY 16-17 Existing Operating Budget | FY 17-18 Executive Budget Recommendation | \$ Change from Existing | % Change from Existing |
|--|--|--|----------------------------|---------------------------|
| Workers' Compensation Second Injury Fund | \$60,326,977 | \$60,331,461 | \$4,484 | 0.0% |
| Incumbent Worker Training Account | \$25,379,731 | \$25,568,353 | \$188,622 | 0.7% |
| Office of Workers' Compensation Administration | \$16,367,459 | \$16,647,779 | \$280,320 | 1.7% |
| Employment Security Administration Account | \$4,000,000 | \$4,000,000 | \$0 | 0.0% |
| Penalty and Interest Account | \$2,952,216 | \$3,173,507 | \$221,291 | 7.5% |
| Blind Vendors Trust Fund | \$672,243 | \$720,962 | \$48,719 | 7.2% |
| Total | \$109,698,626 | \$110,442,062 | \$743,436 | 0.7% |

Statutory Dedications are 38.8% of the department's FY18 budget.

MEANS OF FINANCE BREAKDOWN

| Means of Financing | FY 15-16 Prior Year Actual Expenditures | FY 16-17 Existing Operating Budget 12/1/16 | FY 17-18 Executive Budget Recommendation | \$ Change from Existing | % Change from Existing |
|-------------------------------|---|--|--|-------------------------------|------------------------------|
| State General Fund | \$8,159,153 | \$6,530,496 | \$6,399,887 | (\$130,609) | (2.0%) |
| Interagency Transfers | \$2,769,159 | \$6,245,368 | \$6,595,050 | \$349,682 | 5.6% |
| Fees and Self-Gen Rev. | \$13,164 | \$370,000 | \$272,219 | (\$97,781) | (26.4%) |
| Statutory Dedications | \$96,515,151 | \$109,698,626 | \$110,442,062 | \$743,436 | 0.7% |
| Federal Funds | \$137,257,920 | \$160,383,558 | \$161,204,936 | \$821,378 | 0.5% |
| Total Means of Finance | \$244,714,547 | \$283,228,048 | \$284,914,154 | \$1,686,106 | 0.6% |
| State Effort | \$104,687,468 | \$116,599,122 | \$117,114,168 | \$515,046 | 0.4% |

SIGNIFICANT ADJUSTMENTS



\$999,682
IAT

Increase in Interagency Transfers from the Department of Children and Family Services (DCFS) for the Louisiana Job Employment and Training Program (LaJET). This will increase the amount of citizens that can be served through job training activities to achieve self-sufficiency.



\$650,000
IAT
\$2.4 M
FED

Decrease in Interagency Transfers, as well as matched Federal Funds, from the Louisiana Community and Technical Colleges System (LCTCS) for Louisiana Vocational Rehabilitative Services (LRS) activities. This will result in a decrease in the amount of disabled citizens who could receive LRS assistance.



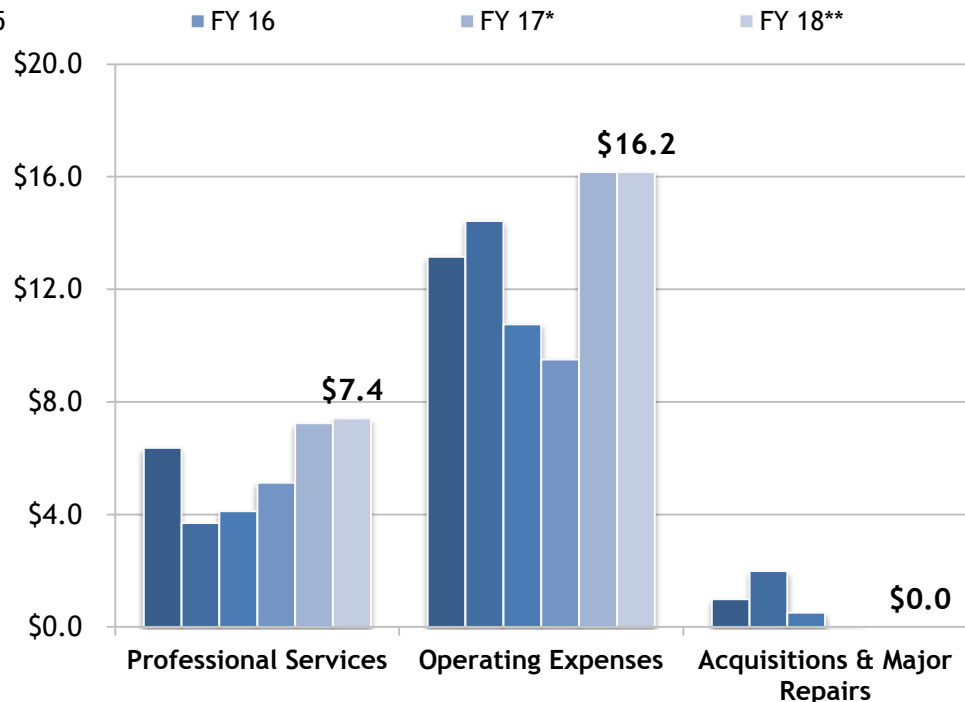
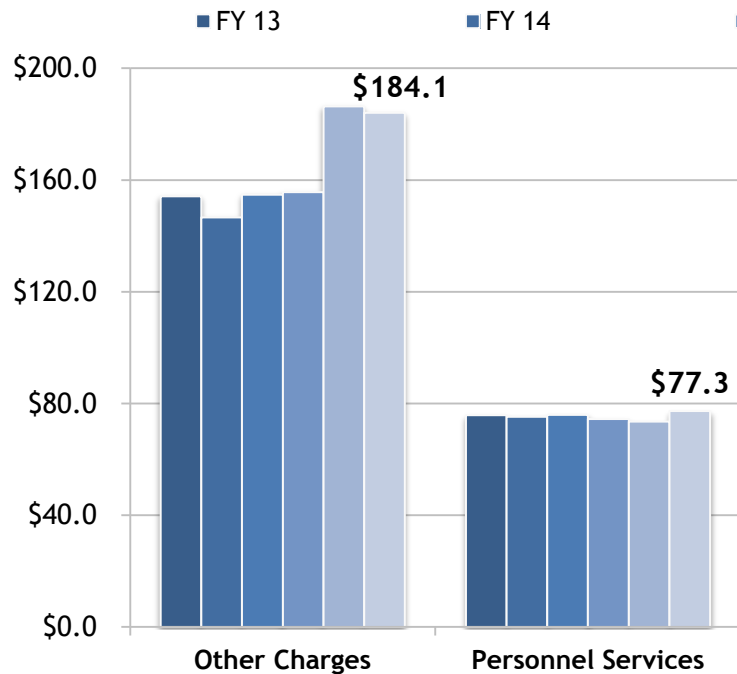
\$130,609
SGF
\$482,579
FED

The Executive Budget proposed a decrease in State General Fund to balance the budget. This will result in a loss of matching Federal Funds, for Louisiana Vocational Rehabilitative Services (LRS) activities. This will result in a decrease in the amount of disabled citizens who could receive LRS assistance.

EXPENDITURE BREAKDOWN

| Expenditure | FY 15-16 Prior Year Actual Expenditures | FY 16-17 Existing Operating Budget | FY 17-18 Executive Budget Recommendation | \$ Change from Existing | % Change from Existing |
|---------------------------|---|--|--|-------------------------------|------------------------------|
| Salaries | \$42,217,520 | \$42,598,730 | \$44,411,297 | \$1,812,567 | 4.3% |
| Other Compensation | \$3,683,225 | \$2,108,675 | \$2,108,675 | \$0 | 0.0% |
| Related Benefits | \$28,497,902 | \$28,799,600 | \$30,761,570 | \$1,961,970 | 6.8% |
| Travel | \$841,508 | \$925,165 | \$925,165 | \$0 | 0.0% |
| Operating Services | \$8,002,794 | \$14,293,856 | \$14,293,856 | \$0 | 0.0% |
| Supplies | \$658,714 | \$946,734 | \$946,734 | \$0 | 0.0% |
| Professional Services | \$5,131,884 | \$7,240,410 | \$7,415,410 | \$175,000 | 2.4% |
| Other Charges | \$155,679,518 | \$186,314,878 | \$184,051,447 | (\$2,263,431) | (1.2%) |
| Acq/Major Repairs | \$1,482 | \$0 | \$0 | \$0 | 0.0% |
| Total Expenditures | \$244,714,547 | \$283,228,048 | \$284,914,154 | \$1,686,106 | 0.6% |
| Authorized Positions | 917 | 929 | 925 | (4) | (0.4%) |

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/16
 **Governor's Executive Budget Recommendation

OTHER CHARGES

| AMOUNT | DESCRIPTION |
|----------------------|---|
| \$58,197,030 | Reimbursements to insurance carriers for the cost of workers' compensation benefits when an eligible worker sustains a subsequent job related injury |
| \$51,790,392 | Pass through grants to local agencies for workforce training and education |
| \$25,433,352 | Grants for local governments to assist clients in acquiring job skills in the Incumbent Worker Training Program |
| \$25,335,169 | Vocational Rehabilitation Services expenditures |
| \$8,174,960 | Office of Technology Services fees |
| \$3,155,492 | Office of Telecommunications Management fees |
| \$2,809,249 | Continued redesign of the Help Individuals Reach Employment (HIRE) system - (infrastructure improvements, wiring the call center for the Interactive Voice Response equipment, and call center phone system upgrade |
| \$1,221,384 | Office of Risk Management fees |
| \$1,220,493 | Worker Protection Services, which are services provided to local businesses and job seekers regarding workplace safety |
| \$1,150,000 | IAT to Department of Corrections for Louisiana Rehabilitation Services (LRS) |
| \$5,563,926 | Various Other Charges Expenditures |
| \$184,051,447 | TOTAL OTHER CHARGES |

Source: Executive Budget Supporting Documents

LOUISIANA REHABILITATIVE SERVICES

| Funding Source | FY 17 Projected | FY 18 Proposed | Difference |
|--------------------------------------|---------------------|---------------------|----------------------|
| State General Fund | \$6,530,496 | \$6,399,887 | (\$130,609) |
| Federal Match (\$3.69 for every \$1) | \$24,129,110 | \$23,646,531 | (\$482,579) |
| Interagency Transfer from LCTCS | \$1,650,000 | \$1,000,000 | (\$650,000) |
| Federal Match (\$3.69 for every \$1) | \$6,096,479 | \$3,694,836 | (\$2,401,643) |
| Donations Utilized as Match | \$370,000 | \$272,219 | (\$97,781) |
| Federal Match (\$3.69 for every \$1) | \$1,367,089 | \$1,005,804 | (\$361,285) |
| Total State Effort | \$8,550,496 | \$7,672,106 | (\$878,390) |
| Total Federal Match | \$31,592,678 | \$28,347,171 | (\$3,245,507) |

In compliance of the Workforce Innovation and Opportunity Act (WIOA), 15% of Federal Funding received must be set aside for Pre-Employment Transition Services (Pre-ETS), which includes services such as job exploration counseling and workplace readiness training. These services are to be offered to students with disabilities between the ages of 16 to 21.

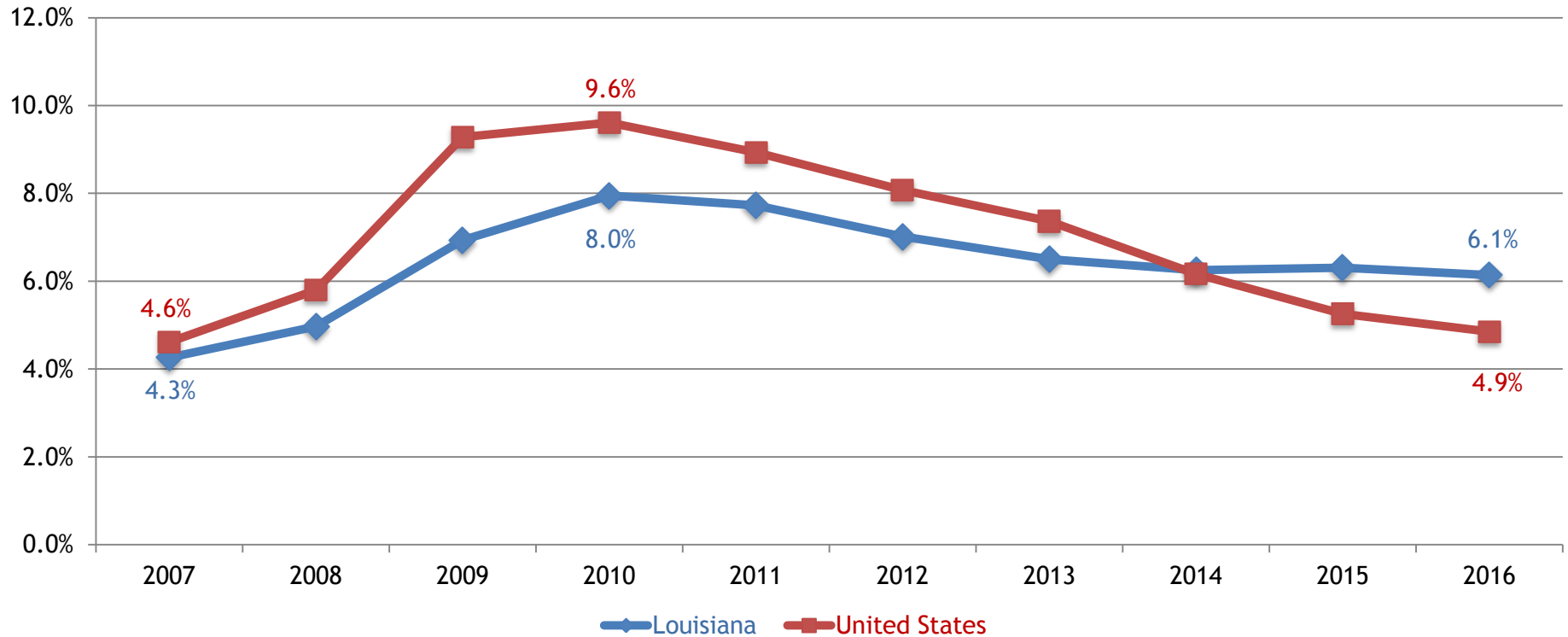
The Louisiana Rehabilitative Services (LRS) Program provides services to those who are disabled in finding and maintaining employment, as well as living independently in their community.

When insufficient funding is available for all eligible clients, Federal Law requires that an order of selection be implemented. Clients are then categorized between Category 1 to Category 5, with the first containing the most severely disabled who require the most assistance.

All orders of selection are currently closed due to insufficient funding. Only current clients are served, while new applicants must be put onto the waiting list.






Source: Executive Budget Supporting Documents and data from the Louisiana Workforce Commission

UNEMPLOYMENT RATES

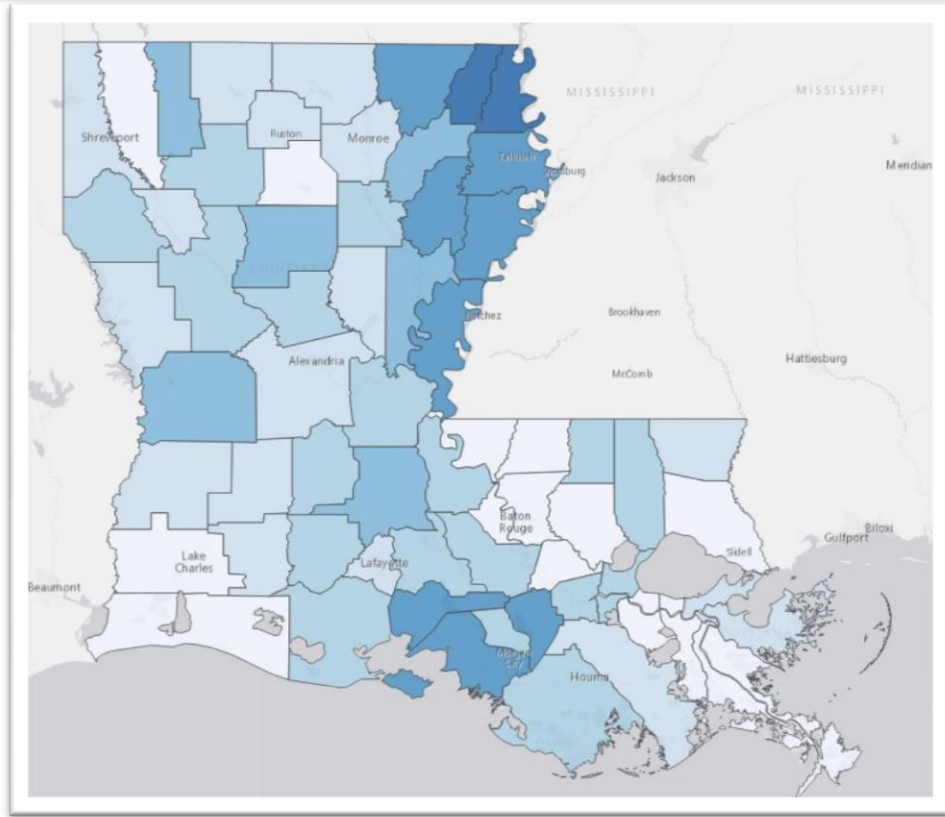


Source: U.S. Department of Labor, Bureau of Labor Statistics

UNEMPLOYMENT RATES

| JANUARY 2017 UNEMPLOYMENT | |
|---|----------------|
|  | 4.3% - 5.5% |
|  | 5.6% - 6.6% |
|  | 6.7% - 7.6% |
|  | 7.7% - 8.6% |
|  | 8.7% - 10.1 % |
|  | 10.1 % - 14.2% |

Source: Labor Market Statistics,
Louisiana Workforce Commission



PERSONNEL INFORMATION

Personnel/Budget Ratio

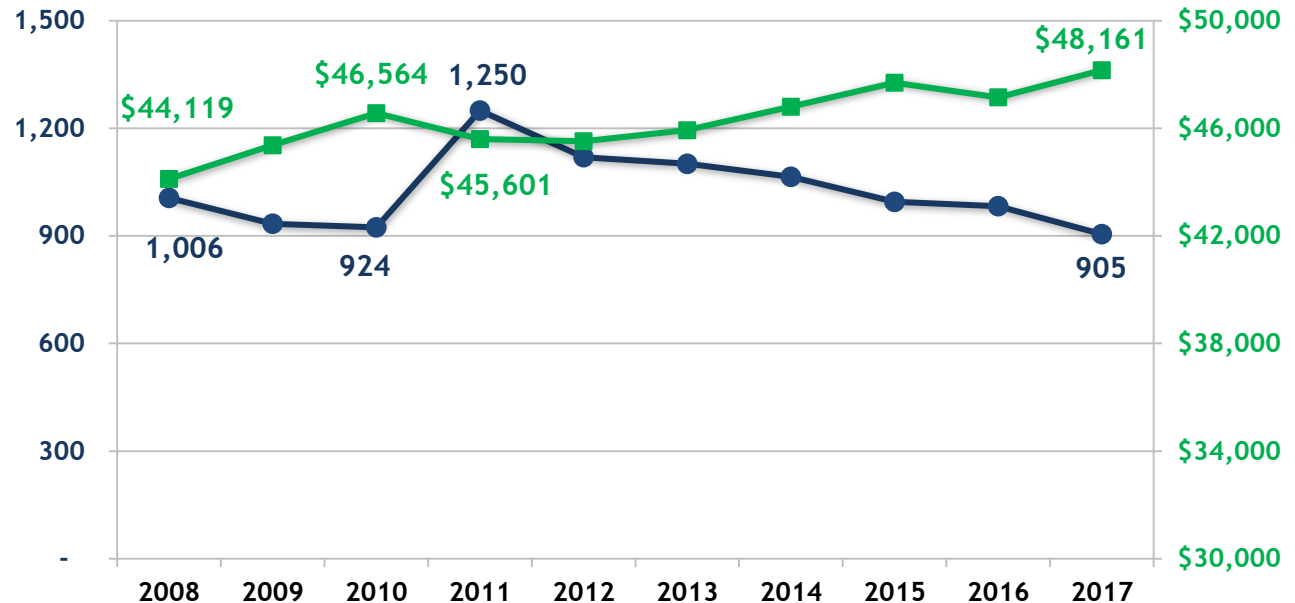
| | |
|------------|--------------------------|
| \$46.5 M | Salaries and Other Comp. |
| + \$30.8 M | Related Benefits |
| <hr/> | |
| = \$77.3 M | Total Personnel Services |

**76.6% of budget expenditures
(excluding Other Charges)**

Authorized Positions

- 925 (914 classified and 11 unclassified)
- Louisiana Workforce Commission had 105 vacancies as of 1/27/2017
- 0 Other Charges Positions
- 139 full-time non-T.O. positions

10 YEAR FTE POSITIONS / AVERAGE SALARY



Source: FTE and Average Salary data provided by the Dept. of Civil Service

DEPARTMENT CONTACTS

Louisiana Workforce Commission



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