

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY18-19 Executive Budget Review Louisiana Workforce Commission

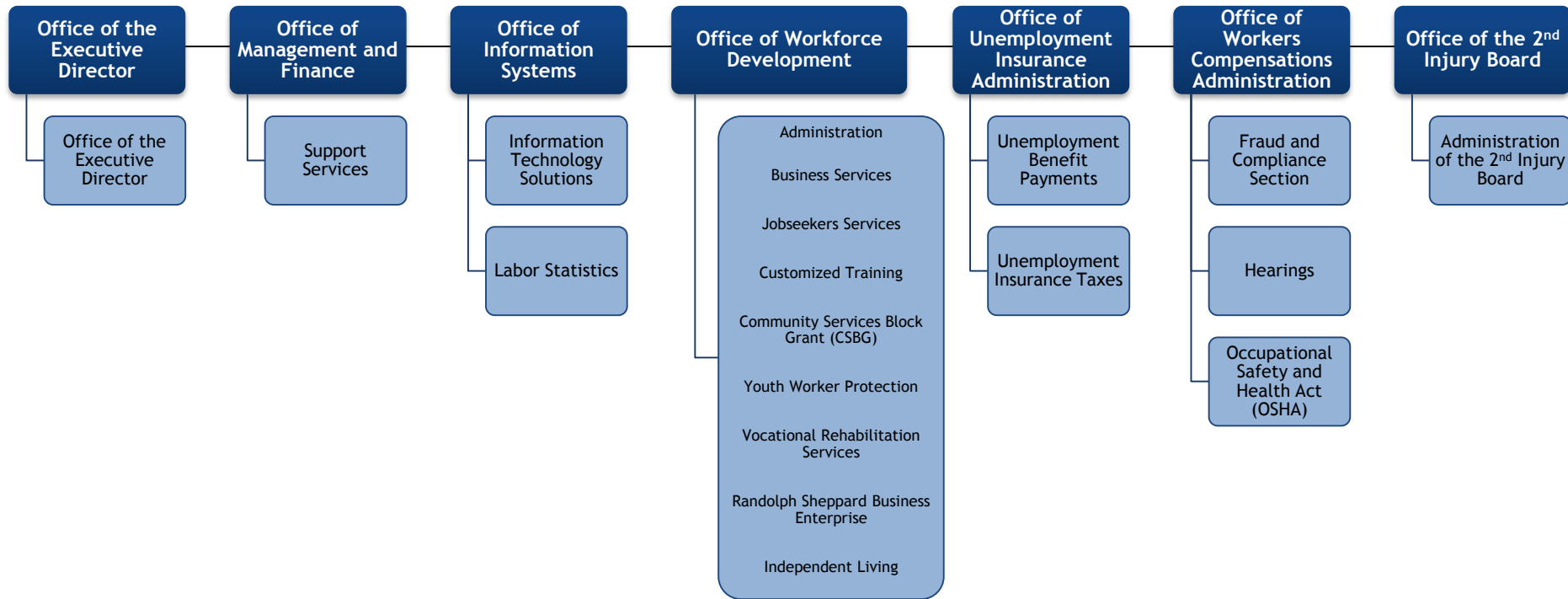
House Committee on Appropriations
by the House Fiscal Division

March 20, 2018

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DEPARTMENT ORGANIZATION



DEPARTMENT FUNCTIONS

Office of the Executive Director

- Provides leadership and administrative services to ensure all unemployment insurance and worker's compensation processes are efficient and customer friendly.
- Works to increase public awareness of the department's resources.

Office of Management and Finance

- Budgeting
- Accounting
- Procurement

Office of Information Systems

- Administers and provides assistance for the Occupation Information System.
- Collects and disseminates timely and accurate labor market and economic data.

*Louisiana Workforce Commission
Baton Rouge, LA*

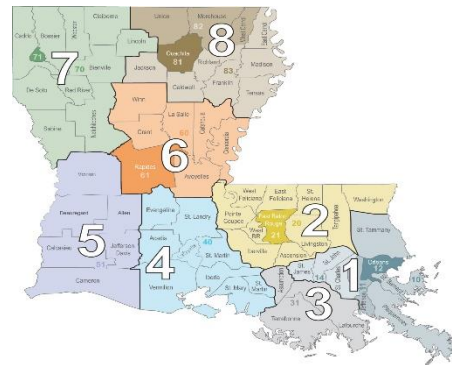


DEPARTMENT FUNCTIONS

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, as seen picture on the right.
- Business Services- Provides tailored workforce solutions that focus on the unique needs of specific companies, industry sectors, and occupations.
- Job Seeker Services- Provides job placement and training services to adults, dislocated workers and youth.
- Customized Training- Provides funds for Louisiana businesses to partner with Louisiana-based training providers to deliver customized training to employees through the Incumbent Worker Training Program (IWTP).
- Community Services Block Grant (CSBG)- Provides funding to 42 community action agencies in rural and urban communities throughout the state to assist low-income individuals and families.
- Youth Worker Protection- Provides services and assistance to businesses and job seekers as well as oversight and compliance audits relative to statutory requirements related to Louisiana's minor labor laws, private employment service law and medical exam and drug testing law.

Workforce Investment Areas

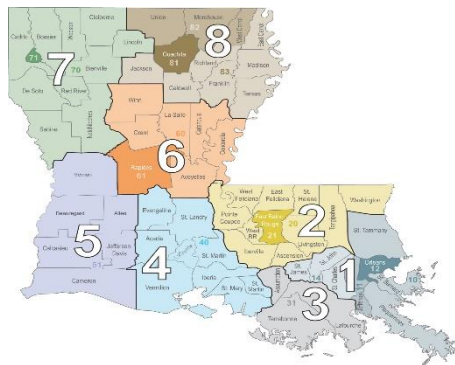


DEPARTMENT FUNCTIONS

Office of Workforce Development

- Vocational Rehabilitation Services for Career Development and Employment- Provides professional/quality outcome-based vocational rehabilitation services on a statewide basis to individuals who have been determined eligible for the Vocational Rehabilitation Program.
- Randolph Sheppard Business Enterprise- Provides entrepreneurial opportunities for consumers who are legally blind to manage their own food service business by giving preference for such operations on federal, state, or municipal properties.
- Independent Living- (Older Blind and Part B) Enables individuals who have significant disabilities to function more independently in home, work, and community environments, thereby reduction dependency on others for routine activities and community integration.

Workforce Investment Areas



DEPARTMENT FUNCTIONS

Office of Unemployment Insurance

- Unemployment Insurance Taxes
 - Registers employers, assigns tax rates, and collects taxes from employers determined to be subject under Louisiana Employment Security.
 - Performs compliance audits to ensure employers are reporting properly.
- Unemployment Benefit Payment
 - Provides temporary benefits to those unemployed in Louisiana.
 - Funds used to pay benefits come from the Unemployment Insurance Trust Fund financed by Unemployment Insurance taxes.
 - Responsible for determination of monetary entitlement and weekly eligibility verification.



DEPARTMENT FUNCTIONS

Office of Workers Compensation Administration

- Fraud & Compliance- Responsible for investigating fraudulent activity by any party affiliated with the Workers' Compensation System.
- Hearings- Conducts hearings on claims for benefits or other relief under the Workers' Compensation Act 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.



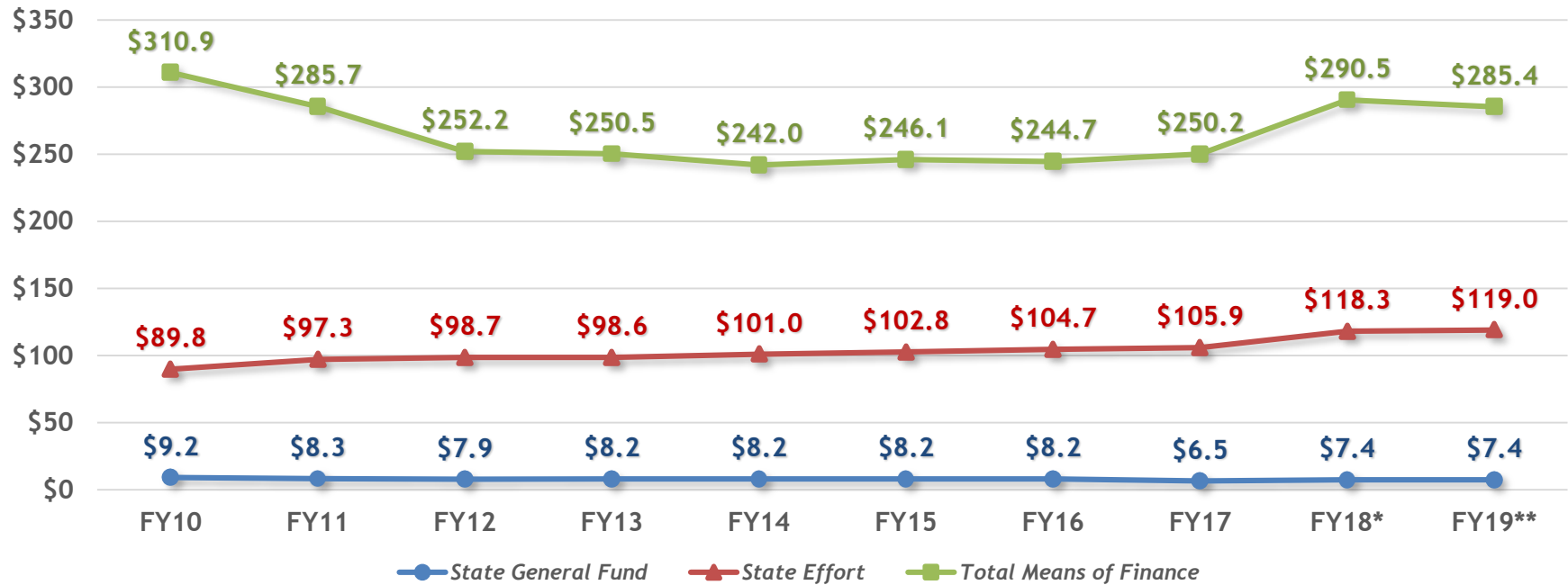
DEPARTMENT FUNCTIONS

Office of the 2nd Injury Board

- Administration of the 2nd Injury Board
 - Encourages the employment and retention of physically handicapped workers by covering the costs for workers' compensation benefits for those employees.
 - This protects an employer's group self-insurance funds or property and casualty insurers from excess liability for workers' compensation.
 - Investigates claims under this program.



BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17

**Executive Budget Recommendation

MAJOR SOURCES OF FUNDING

\$272,219 Self-Generated Revenue

- Authority to receive donations for Vocational Rehabilitation Services for the Office of Workforce Development to use as state match for federal dollars.

\$111,288,610 Statutory Dedications

- There are six statutory dedications within the Louisiana Workforce Commission:
 - 1) Office of Workers' Compensation Administrative Fund
 - 2) Incumbent Worker Training Account
 - 3) Employment Security Administration
 - 4) Penalty and Interest Account
 - 5) Workers' Compensation Second Injury Fund
 - 6) Blind Vendors Trust Funds

\$6,237,466 Interagency Transfers

- IAT are from the Department of Children and Family Services for the Louisiana Job Employment and Training Program (LaJET) and the Strategies to Empower People Program (STEP)

\$160,205,804 Federal Funding

- Employment Security Grants under the Social Security Act.
- Employment and Training Grants.
- Workforce Innovation and Opportunity Act.
- Federal Reed Act.
- Occupational Safety Statistical Grant.

FUNDING OVERVIEW

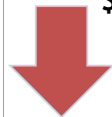
Means of Financing	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$6,530,496	\$7,399,887	\$7,399,887	\$0	0.0%
Interagency Transfers	\$4,122,803	\$6,595,050	\$6,237,466	(\$357,584)	(5.4%)
Fees and Self-Gen Rev	\$102,000	\$272,219	\$272,219	\$0	0.0%
Statutory Dedications	\$99,263,838	\$110,634,234	\$111,288,610	\$654,376	0.6%
Federal Funds	\$140,182,037	\$165,586,651	\$160,205,804	(\$5,380,847)	(3.2%)
Total Means of Finance	\$250,201,174	\$290,488,041	\$285,403,986	(\$5,084,055)	(1.8%)

\$5.4M Federal Funds



Non-recur funding for Louisiana Rehabilitation Services activities due to a decrease in state match, and a decrease due to a postponement in the implementation of the HIRE system.

\$357,584 Interagency Transfers



Net decrease largely due to non-recur funding from Louisiana Community and Technical College System for the Louisiana Rehabilitation Services.

\$654,376 Statutory Dedications



Net increase in all statutory dedications due to expected increase in fees and assessments.

SIGNIFICANT FUNDING CHANGES

AMOUNT	MOF	DESCRIPTION
(\$4,694,836)	IAT FED	Non-recurring funding for Louisiana Rehabilitation Services activities within the Office of Workforce Development program from the Louisiana Community and Technical Colleges System.
(\$1,500,000)	FED	Adjust Federal Funds for the maintenance fees associated with the Helping Individuals Reach Employment (HIRE) computer system. The completion of HIRE implementation has been postponed and maintenance cost will not occur until full implementation is achieved.
(\$605,916)	FED	Adjustments due to rental expenses being paid by the Office of Management and Finance.
(\$500,000)	FED	Adjustment due to decreased historical cost associated with postage in Unemployment Benefits.
\$642,416	IAT	Adjustment in funding received from the Department of Children and Family Services for the Louisiana Job Employment and Training Program (LaJET). This will increase the number of clients that can be served through job training activities to transition from cash assistance and/or nutrition assistance to self-sufficiency.

STATUTORY DEDICATION DETAILS

Statutory Dedication Name	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Workers' Compensation Second Injury Fund	\$60,219,202	\$60,343,766	\$60,465,052	\$121,286	0.2%
Incumbent Worker Training Account	\$18,387,652	\$25,592,022	\$25,647,123	\$55,101	0.2%
Office of Workers' Compensation Admin. Fund	\$14,006,747	\$16,779,119	\$17,193,992	\$414,873	2.5%
Employment Security Administration Account	\$3,526,189	\$4,000,000	\$4,000,000	\$0	0.0%
Penalty and Interest Account	\$2,640,338	\$3,192,199	\$3,254,029	\$61,830	1.9%
Blind Vendors Trust Fund	\$483,710	\$727,128	\$728,414	\$1,286	0.2%

EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$40,591,294	\$45,039,191	\$46,430,271	\$1,391,080	3.1%
Other Compensation	\$2,437,998	\$2,108,675	\$2,760,942	\$652,267	30.9%
Related Benefits	\$27,357,498	\$31,012,727	\$31,467,819	\$455,092	1.5%
Travel	\$756,494	\$925,165	\$955,165	\$30,000	3.2%
Operating Services	\$8,982,608	\$14,293,856	\$11,641,589	(\$2,652,267)	(18.6%)
Supplies	\$450,067	\$946,734	\$946,734	\$0	0.0%
Professional Services	\$2,803,256	\$7,415,410	\$7,415,410	\$0	0.0%
Other Charges	\$166,821,959	\$188,746,283	\$183,786,056	(\$4,960,227)	(2.6%)
Acq/Major Repairs	\$0	\$0	\$0	\$0	0.0%
Total Expenditures	\$250,201,174	\$290,488,041	\$285,403,986	(\$5,084,055)	(1.8%)
Authorized Positions	929	925	921	(4)	(0.4%)

SIGNIFICANT EXPENDITURE CHANGES

Personnel Services \$2,498,439

- Net increase largely due to the salary adjustment and related benefits, including the market rate adjustment, attrition adjustment and the salary base adjustment.
- Includes \$652,267 increase in Other Compensation.

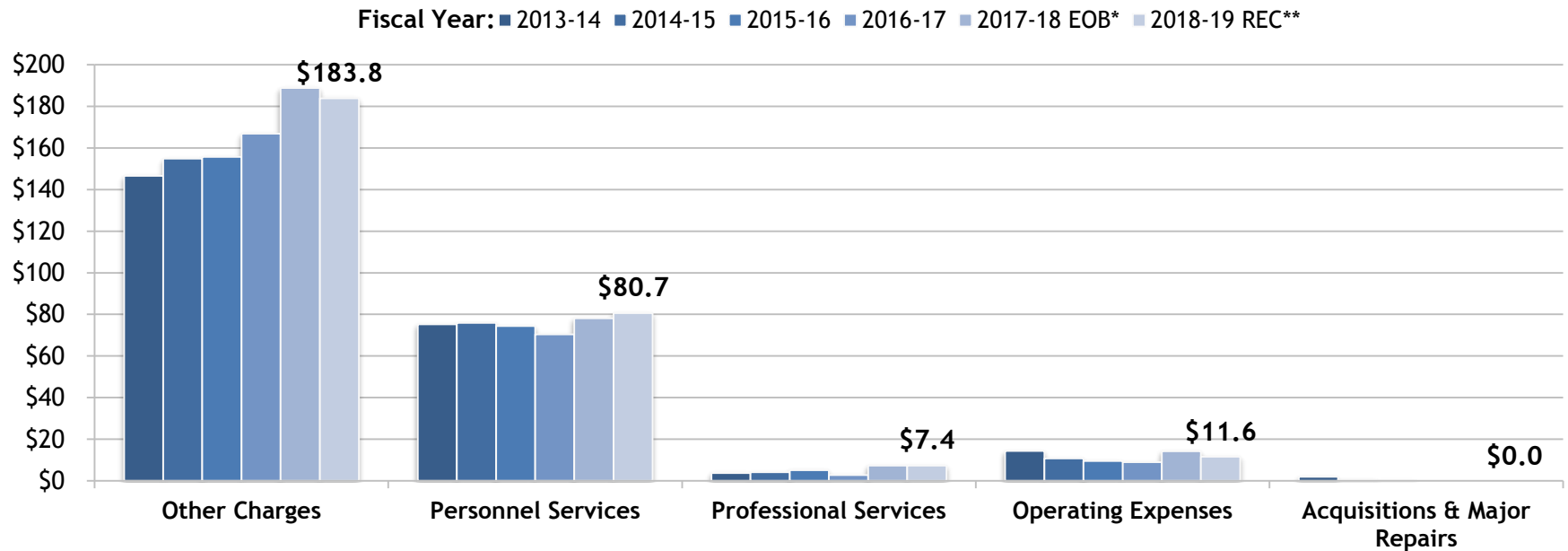
Operating Services (\$2,652,267)

- \$500,000 reduction in postage in order to bring expenditures in line with historical spending
- \$1.5M reduction in maintenance fees associated with information technology hardware and software.

Other Charges (\$4,960,227)

- Non-recur Interagency Transfer of \$1M from Louisiana Community and Technical Colleges System for Louisiana Rehabilitative Services plus the corresponding federal match of \$3.6M.

EXPENDITURE HISTORY



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17

**Executive Budget Recommendation

OTHER CHARGES

AMOUNT	DESCRIPTION
\$58,440,685	Reimbursements to insurance carriers for cost of worker's compensation benefits, when an eligible worker sustains a subsequent job related injury.
\$52,670,824	Pass through grants to local agencies for workforce training and education.
\$27,273,252	Vocational Rehabilitation Services provided per Section 110 of the Vocational Rehabilitation Act.
\$25,591,937	Training grants to assist clients in acquiring and enhancing job skills in the Incumbent Worker Training Programs.
\$2,809,249	Continued redesign of the Help Individuals Reach Employment (HIRE) system with additional infrastructure improvements which include module upgrades and programming.
\$727,115	Payments for the Randolph Sheppard Blind Vending Stand Program and Blind Vendors Trust Fund services for the visually impaired.
\$309,424	Security and Janitorial Services.
\$305,350	Independent Living Services Part B Grant.
\$206,877	Hosting services outsourcing initiatives for Aware, Geosol and Justware.
\$154,015	Outreach and recruitment.
\$150,000	Services related to the administration of the worker's compensation system and the worker's compensation court (courtroom equipment, etc.).
\$15,150,328	Various Interagency Transfers which includes the Office of Technology Services, Office of Telecommunications, Risk Management, and Legislative Auditor, etc.
\$183,786,056	Total Other Charges

Source: Executive Budget Supporting Documents

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$285.4 Million

**\$6.2 Million IAT
Double Count**

**\$279.2
Million
Remaining**

Self-Generated
Revenue
\$272,219

State General Fund
\$7.4 Million

Federal Funds
\$160.2 Million

Statutory
Dedications
\$111.3 Million

**Non Discretionary
\$1.5 Million**

Legislative Auditor Fees
\$713,001

Group Insurance for Retirees
\$626,842

Rent in State-Owned
Buildings
\$185,996

**Discretionary
\$109.7 Million**

Workforce Support &
Training
\$109.7 Million

PERSONNEL INFORMATION

Personnel/Budget Ratio

\$49.2 M Salaries and Other
Comp.

+ \$31.5 M Related Benefits

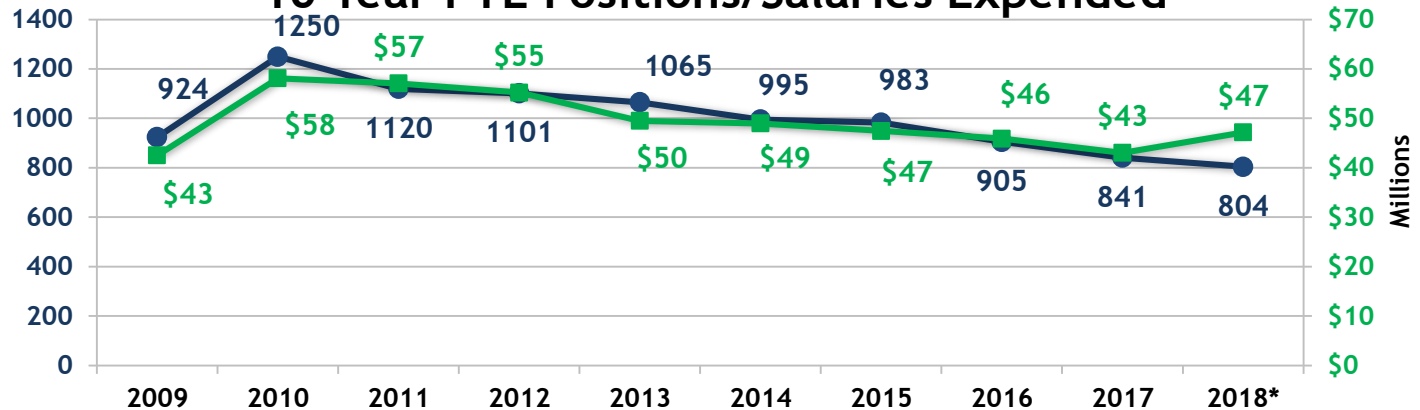
= \$80.7 M Total Personnel
Services

**79.4% of budget
expenditures
(excluding Other Charges)**

Authorized Positions

- 921 (910 classified and 11 unclassified)
- LWC had 135 vacancies as of 12/25/2017
- 0 Other Charges Positions
- Executive Budget recommends eliminating 4 vacant positions.
- 139 Non-T.O. Positions

10 Year FTE Positions/Salaries Expended



*Existing Operating Budget as of 12/1/17

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

LOUISIANA REHABILITATIVE SERVICES

Funding Source	FY 18 Existing Operating Budget	FY 19 Proposed	Difference
State General Fund	\$7,399,887	\$7,399,887	\$0.00
Federal Match (\$3.69 for every \$1)	\$27,273,252	\$27,273,252	\$0.00
Interagency Transfer from LCTCS	\$1,000,000	\$0.00	(\$1,000,000)
Federal Match (\$3.69 for every \$1)	\$3,694,836	\$0.00	(\$3,694,836)
Donations Utilized as Match	\$272,219	\$272,219	\$0.00
Federal Match (\$3.69 for every \$1)	\$1,367,089	\$1,005,804	\$0.00
Total State Effort	\$8,672,106	\$7,672,106	(\$1,000,000)
Total Federal Match	\$32,335,177	\$28,279,056	(\$4,056,121)

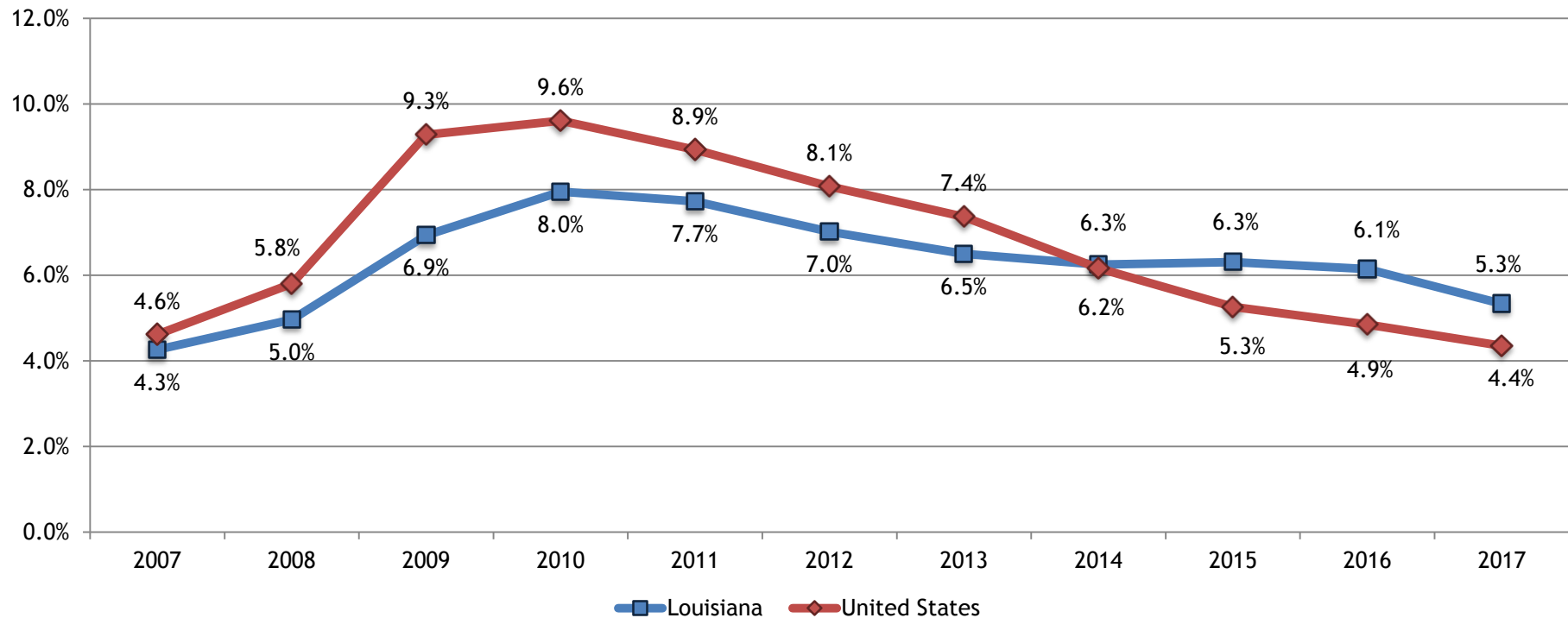
The Louisiana Rehabilitative Services (LRS) Program provides services to those who are disabled in finding and maintaining employment, as well as living independently in their community.

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.

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.

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

UNEMPLOYMENT RATES



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

DEPARTMENT CONTACTS

Louisiana Workforce Commission



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