

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY19-20 HB 105 Review

Louisiana Workforce Commission

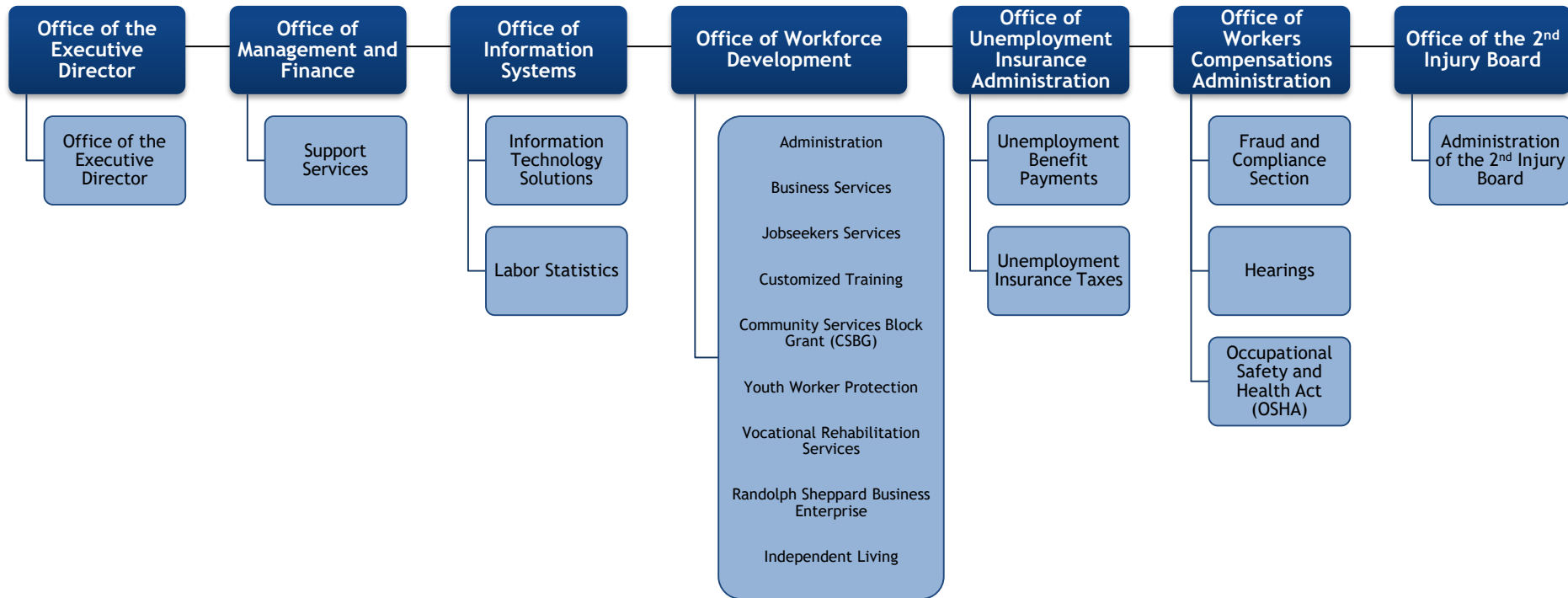
House Committee on Appropriations
by the House Fiscal Division

April 3, 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*

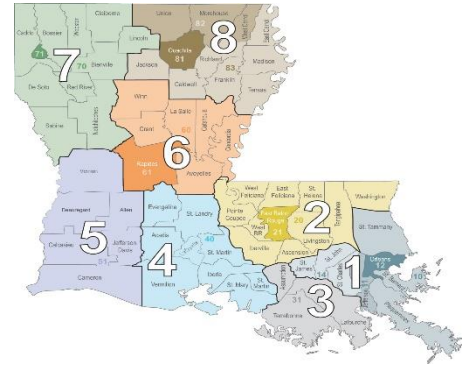


DEPARTMENT FUNCTIONS

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

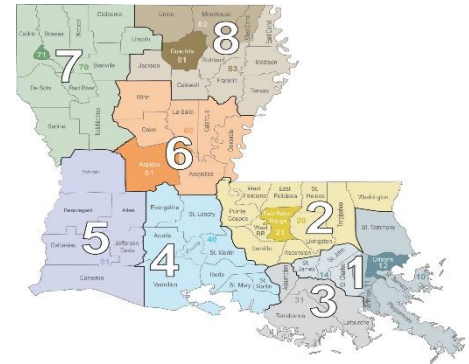


DEPARTMENT FUNCTIONS

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.



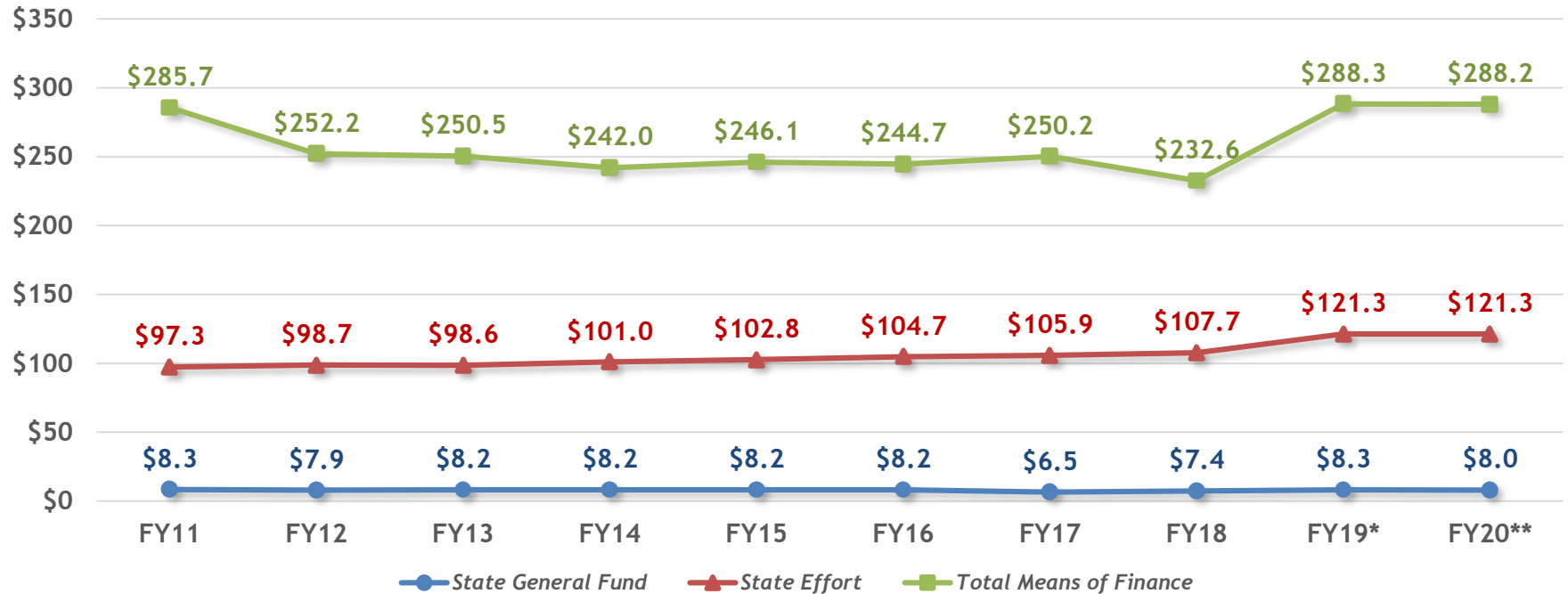
DEPARTMENT FUNCTIONS

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: Budget Supporting Documents and HB 105 of 2019 RS

*Existing Operating Budget as of 12/1/18

**HB 105 of 2019 RS

MAJOR SOURCES OF FUNDING

Self-Generated Revenue \$272,219

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

Statutory Dedications \$113,038,909

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

Interagency Transfers \$3,948,143

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)

Federal Funding \$162,910,513

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 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
State General Fund	\$7,399,887	\$8,252,219	\$8,029,040	(\$223,179)	(2.7%)	\$629,153	8.5%
Interagency Transfers	\$3,701,780	\$4,559,450	\$3,948,143	(\$611,307)	(13.4%)	\$246,363	6.7%
Fees and Self-Gen Rev	\$2,000	\$272,219	\$272,219	\$0	0.0%	\$270,219	13,511.0%
Statutory Dedications	\$100,337,869	\$111,288,610	\$113,038,909	\$1,750,299	1.6%	\$12,701,040	12.7%
Federal Funds	\$121,175,244	\$163,900,640	\$162,910,513	(\$990,127)	(0.6%)	\$41,735,269	34.4%
Total Means of Finance	\$232,616,780	\$288,273,138	\$288,198,824	(\$74,314)	(0.0%)	\$55,582,044	23.9%

\$223,179 State General Fund

Adjustment to funding for Louisiana Rehabilitation Services within the Office of Workforce Development.

\$611,307 Interagency Transfers

Reduce budget authority to the actual contracts between LWC and DCFS for the Louisiana Job Employment and Training Program (LaJET).

\$1.8M Statutory Dedications

Increase in the Penalty & Interest account due to means of finance substitution by reducing federal funds.

\$990,127 Federal Funds

Reduce budget authority based on historical spending across the Department.

STATUTORY DEDICATION DETAILS

Statutory Dedication Name	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Worker's Comp. 2nd Injury Fund	\$60,012,574	\$60,465,052	\$60,541,231	\$76,179	0.1%	\$528,657	0.9%
Incumbent Worker Training Account	\$18,351,394	\$25,647,123	\$25,808,274	\$161,151	0.6%	\$7,456,880	40.6%
Office of Worker's Comp. Adminin. Fund	\$14,418,465	\$17,193,992	\$17,317,164	\$123,172	0.7%	\$2,898,699	20.1%
Employment Security Admin. Account	\$3,994,459	\$4,000,000	\$4,000,000	\$0	0.0%	\$5,541	0.1%
Penalty and Interest Acct.	\$3,181,622	\$3,254,029	\$4,605,607	\$1,351,578	41.5%	\$1,423,985	44.8%
Blind Vendors Trust Fund	\$379,355	\$728,414	\$766,633	\$38,219	5.2%	\$387,278	102.1%
Total Statutory Dedications	\$100,337,869	\$111,288,610	\$113,038,909	\$1,750,299	1.6%	\$12,701,040	12.7%

FY 19-20 numbers reflect \$12.7M more than what was actually expended in FY 17-18. Within this number, the Incumbent Worker Training Account accounts for \$7.5M more than FY 18 actual expenditures.

FUNDING BY PROGRAM

Programs	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Office of the Secretary	\$3,427,879	\$4,288,226	\$4,568,062	\$279,836	6.5%	\$1,140,183	33.3%
Office of Management & Finance	\$15,862,651	\$18,778,991	\$19,212,459	\$433,468	2.3%	\$3,349,808	21.1%
Office of Information Systems	\$10,735,769	\$14,884,612	\$13,378,912	(\$1,505,700)	(10.1%)	\$2,643,143	24.6%
Office of Workforce Development	\$111,719,975	\$146,224,110	\$145,840,946	(\$383,164)	(0.3%)	\$34,120,971	30.5%
Office of Unemployment Insurance Admin.	\$19,804,773	\$29,897,961	\$30,570,530	\$672,569	2.2%	\$10,765,757	54.4%
Office of Workers Compensation Admin.	\$12,073,645	\$14,880,633	\$15,134,499	\$253,866	1.7%	\$3,060,854	25.4%
Office of the 2nd Injury Board	\$58,992,088	\$59,318,605	\$59,493,416	\$174,811	0.3%	\$501,328	0.8%
Total Programs	\$232,616,780	\$288,273,138	\$288,198,824	(\$74,314)	0.0%	\$55,582,044	23.9%

Of the \$55.6 million change from actual expenditures, the Office of Workforce Development has seen a change of \$34M over last year and the Office of Unemployment Insurance Administration has seen a change of \$10M. The other programs within the agency make up a total of \$11M change over last year.

EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$38,950,505	\$46,430,271	\$48,380,589	\$1,950,318	4.2%	\$9,430,084	29.4%
Other Compensation	\$2,134,146	\$2,760,942	\$2,760,942	\$0	0.0%	\$626,796	26.8%
Related Benefits	\$27,202,784	\$31,467,819	\$34,501,462	\$3,033,643	9.6%	\$7,298,678	24.6%
Travel	\$766,852	\$955,165	\$955,165	\$0	0.0%	\$188,313	42.4%
Operating Services	\$8,173,430	\$11,641,589	\$11,641,589	\$0	0.0%	\$3,468,159	113.6%
Supplies	\$443,170	\$946,734	\$946,734	\$0	0.0%	\$503,564	161.7%
Professional Services	\$2,585,513	\$7,415,410	\$6,765,410	(\$650,000)	(8.8%)	\$4,179,897	19.6%
Other Charges	\$152,360,380	\$186,655,208	\$182,246,933	(\$4,408,275)	(2.4%)	\$29,886,553	0.0%
Acq/Major Repairs	\$0	\$0	\$0	\$0	0.0%	\$0	23.9%
Total Expenditures	\$232,616,780	\$288,273,138	\$288,198,824	(\$74,314)	(0.0%)	\$55,582,044	23.9%
Authorized Positions	925	921	916	(5)	(0.5%)	(9)	(1.0%)

SIGNIFICANT EXPENDITURE CHANGES

Personnel Services \$4,983,961

- Increases funding largely in the Office of Workforce Development by \$2.3M and the Office of Unemployment Insurance Administration by \$1.4M.
- Increases funding in other offices for statewide salary adjustment and related benefits, including the market rate adjustment, attrition adjustment and the salary base.

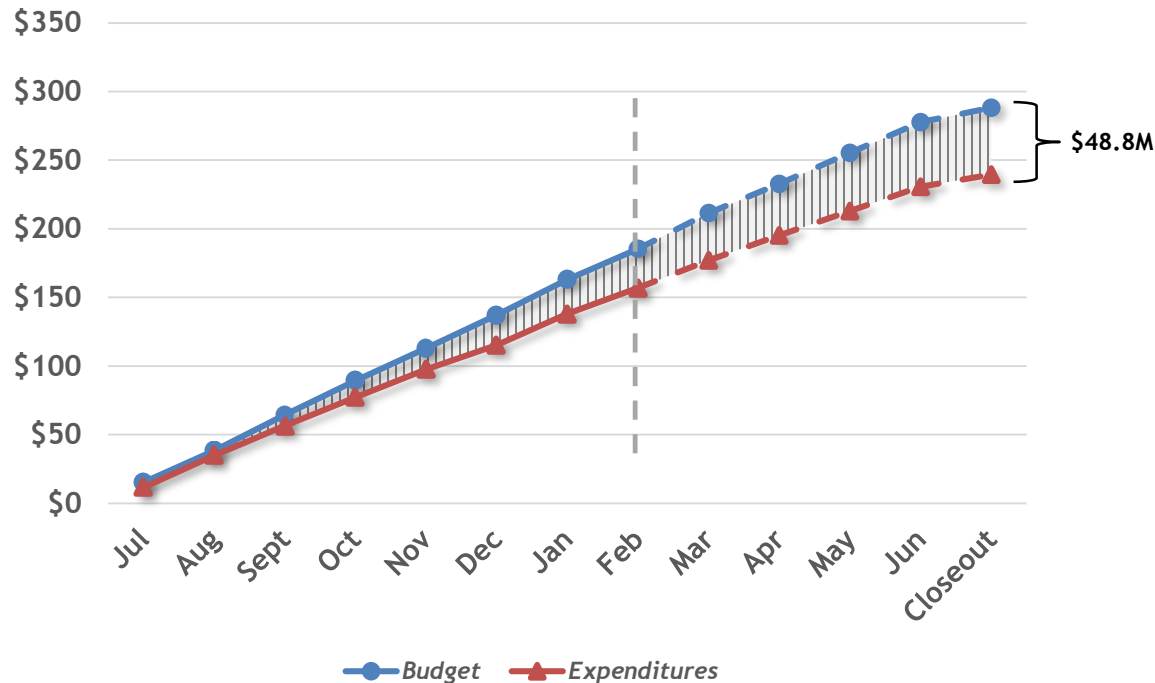
Professional Services (\$650,000)

- Reduces funding due to end of contracted services of analysis and reporting of job vacancy surveys that will be performed by existing personnel within the Office of Information System.
- Reduces funding for consulting services within the Office of Unemployment Insurance Administration for the Helping Individuals Reach Employment (HIRE) system.

Other Charges (\$4,408,275)

- Reduces funding within the Office of Information System to adjust IAT authority to match anticipated expenditures by the Office of Technology Services within the Division of Administration.
- Reduces funding for the Local Workforce Development Boards due to reduced historical spending in the Office of Workforce Development and for the Louisiana Rehabilitative Services Program.
- Reduces funding for the Louisiana Job Employment and Training Program (LaJET) and for the Help Individuals Reach Employment (HIRE) system.

FY 19 EXPENDITURE TREND



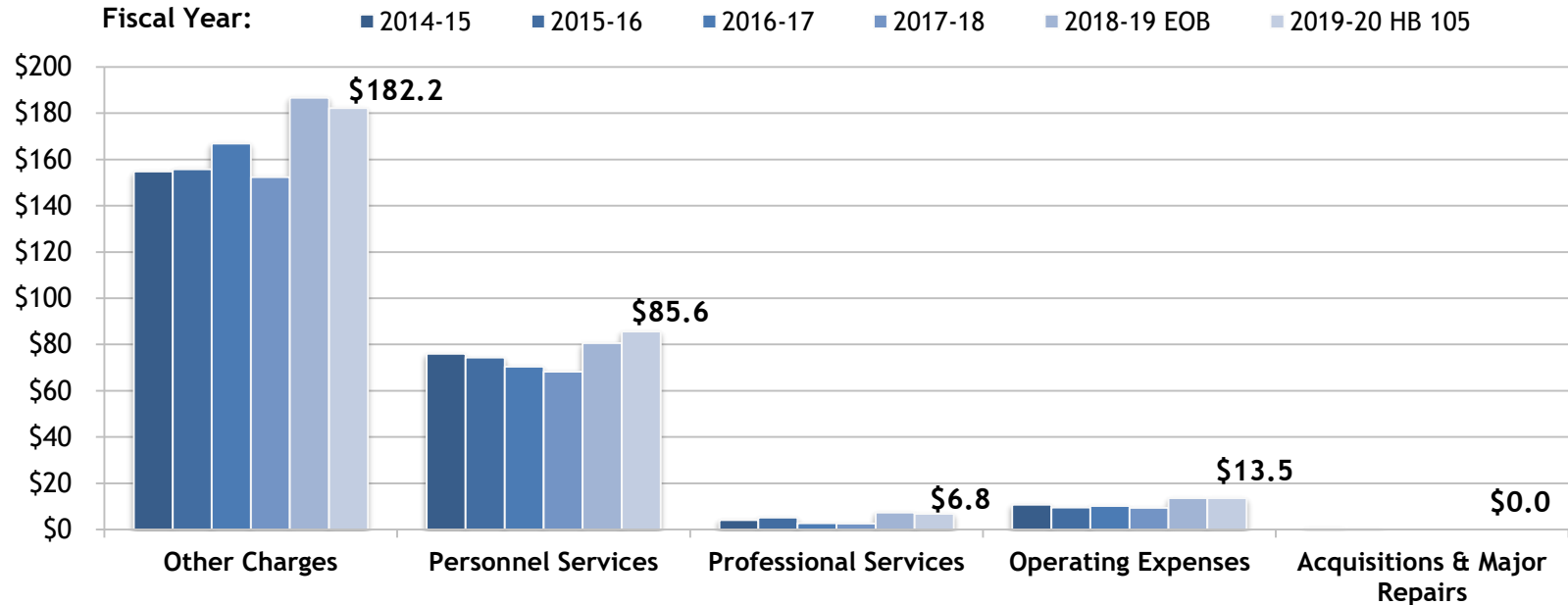
Analysis shows approximately \$48.8M or 17% in total means of finance budget authority (\$288.3M budgeted - \$239.5M projected) could be unspent at year-end based on actuals through February and projections through the end of the year.

In FY 18, the Department did not spend \$57.9M or 20% of its budget authority comparing its end of year budget and actual expenditures.

Of the \$57.9M, \$44M or 26.8% are Federal Funds, \$10.3M are Statutory Dedications mainly within the Incumbent Worker Training Account. Lastly, \$2.9M in IAT budget authority were left unspent.

The Department did not carryforward any money into FY 19.

EXPENDITURE HISTORY



Source: Budget Supporting Documents and HB 105 of 2019 RS

OTHER CHARGES

AMOUNT	DESCRIPTION
\$58,289,109	Reimbursements to insurance carriers for cost of worker's compensation benefits, when an eligible worker sustains a subsequent job related injury
\$54,225,441	Pass through grants to local agencies for workforce training and education.
\$25,864,662	Vocational Rehabilitation Services provided per Section 110 of the Vocational Rehabilitation Act.
\$25,647,123	Training grants to assist clients in acquiring and enhancing job skills in the Incumbent Worker Training Programs.
\$13,899,725	Various Interagency Transfers which includes the Office of Technology Services, Office of Telecommunications, Risk Management, and Legislative Auditor, etc.
\$2,459,249	Continued redesign of the Help Individuals Reach Employment (HIRE) - phase two system with additional infrastructure improvements which include, module upgrades and programming
\$1,861,624	Other operating charges which includes Outreach and Recruitment, Security/Janitorial Services, Outsourcing initiatives, Randolph Sheppard Blind Vending Stand Program, Independent Living Services, Workers Compensation Administration operating costs.
\$182,246,933	Total Other Charges

Source: Budget Supporting Documents and HB 105 of 2019 RS

PERSONNEL INFORMATION

FY 19-20

Personnel/Budget Ratio

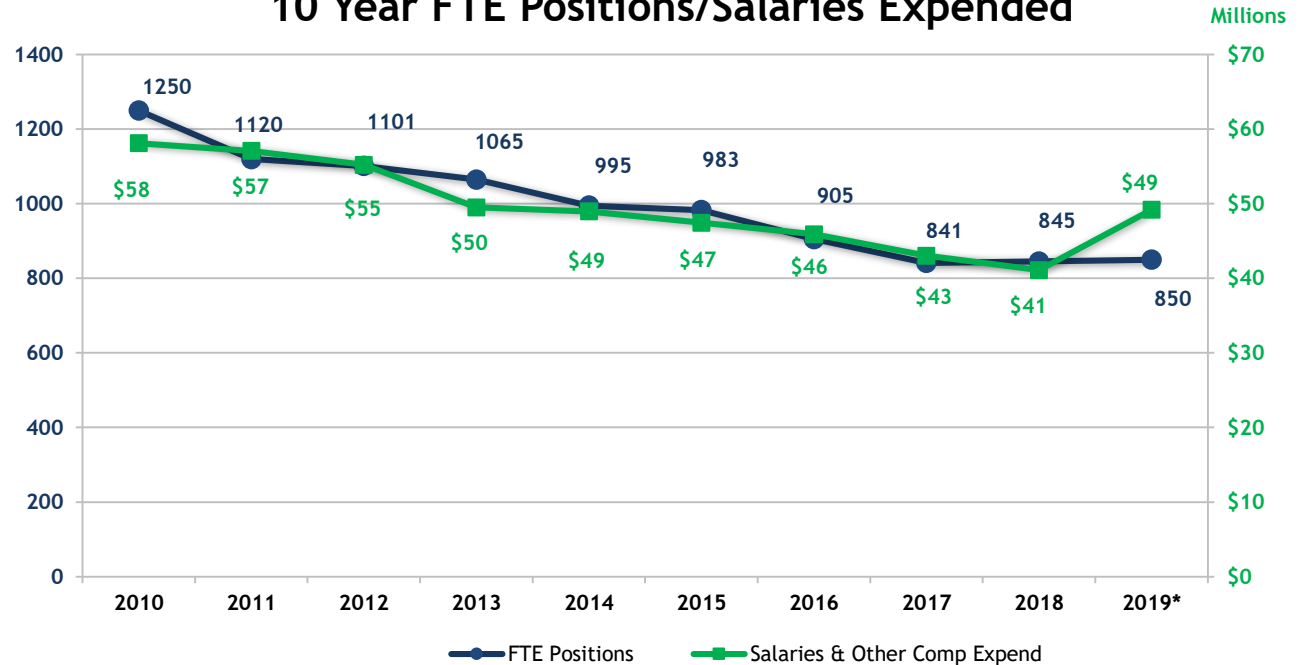
\$51.1M Salaries and Other Comp.
+ \$34.5M Related Benefits
= \$85.6M Total Personnel Services

**80.8% of budget expenditures
(excluding Other Charges)**

Authorized Positions

- 916 (904 classified and 12 unclassified)
- LWC had 120 vacancies as of 1/31/2019
- 0 Other Charges Positions
- 5 vacant positions are eliminated and 5 new positions are added.
- 139 Non- authorized T.O. Positions.

10 Year FTE Positions/Salaries Expended



*Existing Operating Budget as of 12/1/18

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

LOUISIANA REHABILITATIVE SERVICES

Funding Source	FY 19 Existing Operating Budget	FY 20 HB 105	Difference
State General Fund	\$8,252,219	\$8,029,040	(\$223,179.00)
Federal Match (\$3.69 for every \$1)	\$30,450,688	\$29,627,158	(\$823,530.51)
Interagency Transfer	\$0	\$0	\$0
Federal Match (\$3.69 for every \$1)			
Donations Utilized as Match	\$272,219	\$272,219	\$0.00
Federal Match (\$3.69 for every \$1)	\$1,004,488	\$1,004,488	\$0.00
Total State Effort	\$8,524,438	\$8,301,259	(\$223,179)
Total Federal Match	\$31,455,176	\$30,631,646	(\$823,531)

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.

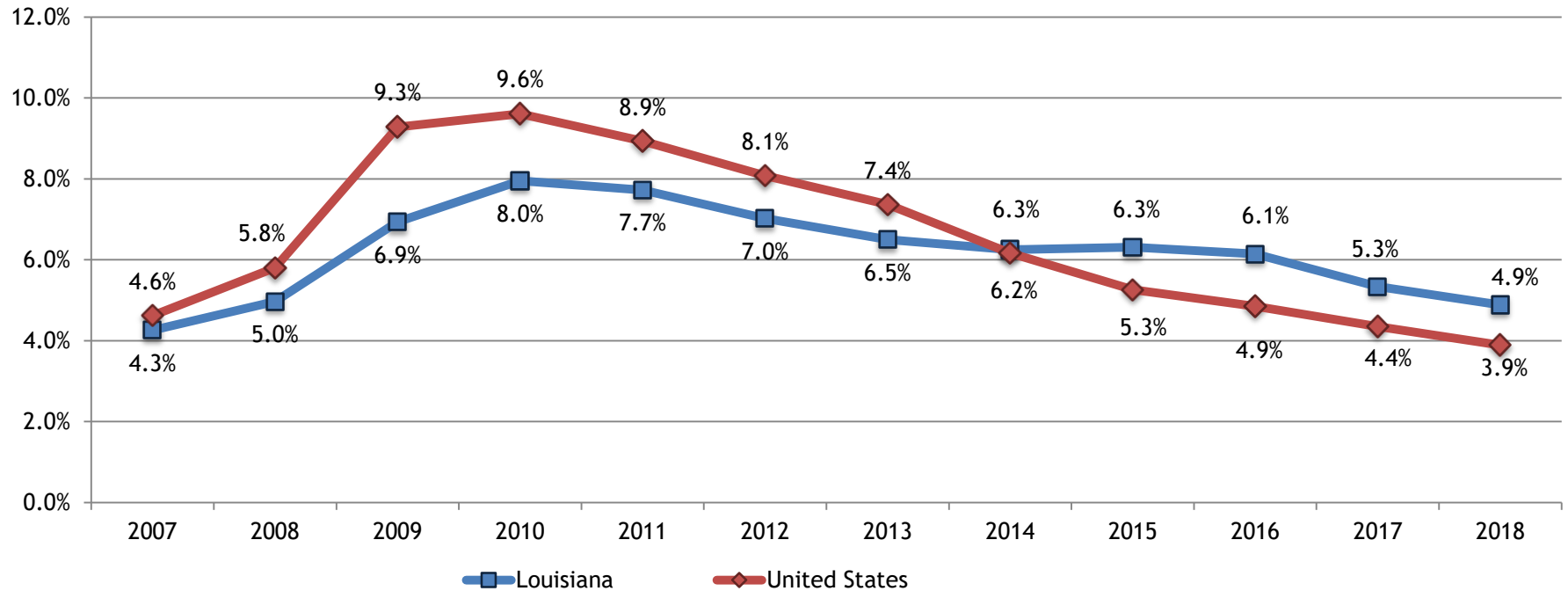
In compliance of the Workforce Innovation and Opportunity Act (WIOA), 15% of Federal Funding received must be set aside for Pre-Employment Transition Services (Pre-ETS), which includes services such as job exploration counseling and workplace readiness training. These services are to be offered to students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

Funding for this program is dependent on the individualized assessment of needs. Generally, the average cost per participant is \$1,900/person.

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: Budget Supporting Documents and HB 105 of 2019 RS and data from the Louisiana Workforce Commission

UNEMPLOYMENT RATES



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

DEPARTMENT CONTACTS

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