

LOUISIANA
WORKFORCE
COMMISSION
EFFICIENCY REPORT
HRC 25

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Report of the Louisiana Workforce Commission

House Concurrent Resolution 25

This report is provided to the Commission of Administration, the Louisiana Legislature, and the Task Force on Structural Changes in Budget and Tax Policy in response to House Concurrent Resolution 25 of the 2016 Regular Session requesting a report that outlines the initiatives that the Louisiana Workforce Commission will take to ensure a more efficient operation for Fiscal Year 2016-2017 and Beyond.

INTRODUCTION

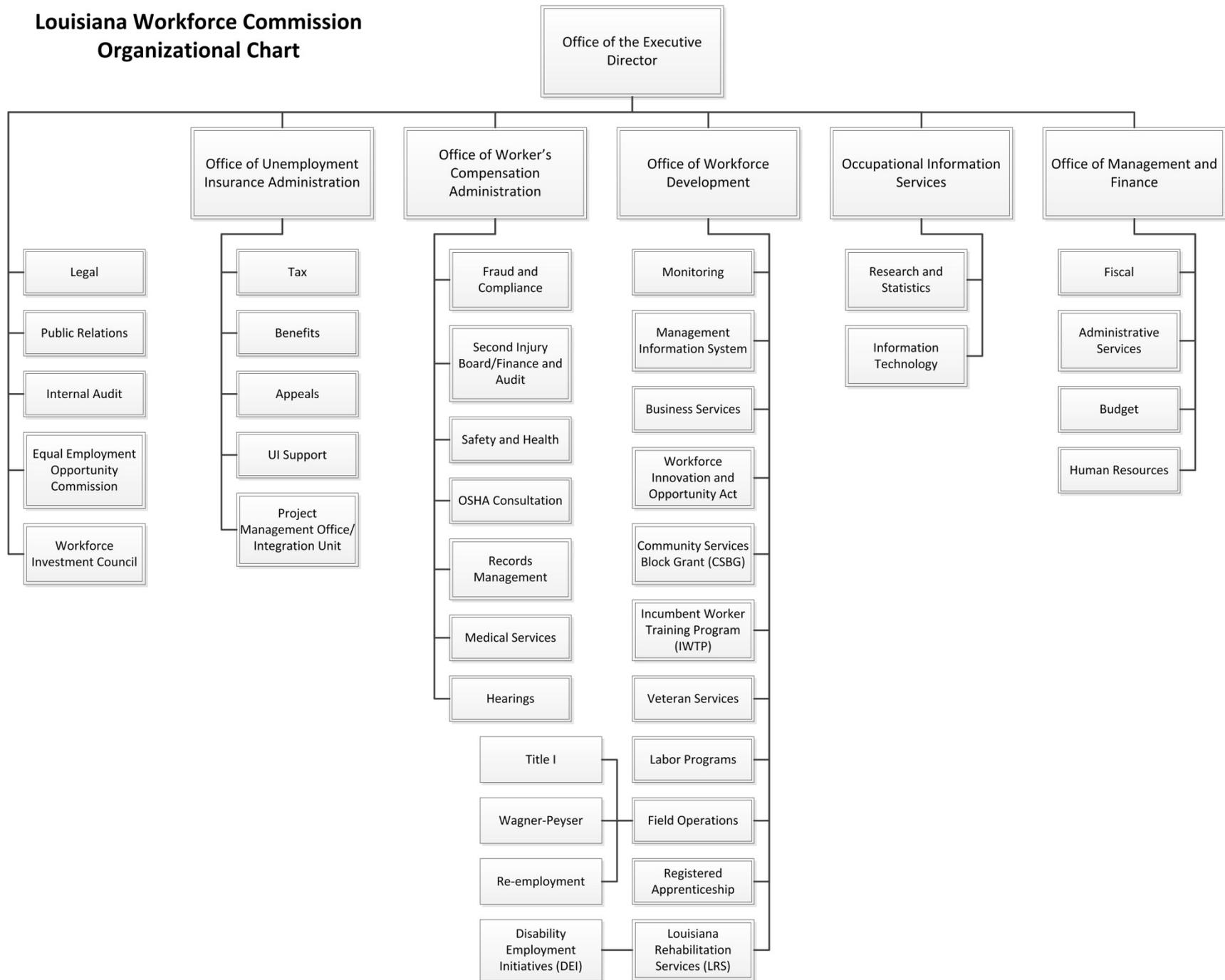
The Louisiana Workforce Commission (LWC) is tasked with operating an integrated workforce development delivery system in this state, in particular through the integration of job training, employment and employment-related educational and training programs, and administering the state's unemployment insurance benefit and worker's compensation programs. Most of the programs administered by the LWC are federally funded. Compliance with federal regulations places additional oversight obligations on the LWC. LWC operations focus on minimizing overhead costs and using all funding (state and federal) efficiently to ensure that dollars spent are utilized for the purposes intended creating the greatest value to the state and its citizens.

The Louisiana Workforce Commission is charged with meeting the needs of several distinct customer groups. LWC provides assistance and customer service to the people of this state for a smooth and effective transition into the workforce, particularly for persons receiving public assistance, displaced homemakers, displaced workers, adults with limited literacy skills, individuals with disabilities, students moving from school to work, and the long-term unemployed and underemployed. LWC also provides Louisiana workers with education, skills training, and labor market information to enhance their employability, earnings, and standard of living. LWC supports Louisiana employers through the development of a highly skilled and productive workforce. By focusing efforts on the Louisiana workforce, LWC helps communities of this state by fostering programs that create jobs, attract employers, and encourage business expansion and retention. LWC's goal is to operate as a good steward to the taxpayers of this state with efficient and effective expenditure of tax revenues for workforce development.

ORGANZIATION

The Louisiana Workforce Commission is divided into six divisions, each with distinct roles and responsibilities as mandated by both state and federal law and determined by LWC leadership. A description of the specific responsibilities of each division is outlined in the pages following the organizational chart.

Louisiana Workforce Commission Organizational Chart



ORGANIZATION CONTINUED

Office of the Executive Director

The Office of the Executive Director (OED) is responsible for the overall function of the agency. It provides strategic direction for the agency and collects and tracks process and outcome data in order to measure progress on strategic goals. In furtherance of agency strategy, the office also manages relationships with key partner organizations such as Education, Economic Development, Business and Industry, the state Legislature, and the US Department of Labor. The Workforce Investment Council is the state-wide board that oversees strategic implementation and its direction falls under the OED umbrella. Finally, the office is responsible for supporting the Emergency Support Function 6 of the state Emergency Response Plan, mass feeding at state-run shelters, and for maintaining an agency Continuity of Operations Plan (COOP) that guides agency recovery of service delivery after a disaster.

The office also provides support for the agency in the following areas:

1. Continuous Process Improvement (CPI), including highly-structured Agency Initiative Management (AIM) for projects that are cross-cutting, high impact, and high visibility
2. Recruiting and retaining talented leaders
3. Fostering Employee Engagement
4. Subject matter expertise in the areas of Legal, Communications, Equal Opportunity Compliance, and Internal Audit

Office of Unemployment Insurance Administration

The Louisiana Workforce Commission's Office of Unemployment Insurance Administration (OUIA) is organized into five main departments: Tax, Benefits, Appeals, UI Support, and a Project Management Office (PMO)/Integration Unit.

The administration of unemployment insurance in Louisiana is primarily centralized at the agency's Baton Rouge headquarters, with additional field support by way of a small call center staff in Monroe, adjudicators in Shreveport, Lafayette, Lake Charles, Hammond and Monroe; field auditors in New Orleans, Hammond, Baton Rouge, Shreveport, Lafayette, Alexandria, and

Monroe, and administrative law judges (appeals) located in New Orleans, Monroe, Lafayette, Hammond, and Baton Rouge.

The UI Department is comprised of four major components:

1. The Benefits department handles claims intake, special claims, claims review, adjudication, interstate claims, and all incoming calls from claimants.
2. The Tax department handles the establishment of employer accounts, assigns liability and tax rates, collects wage records and unemployment taxes, and manages benefit charges and non-charges to employers. Field auditors support both Benefits and Tax through contact with employers.
3. The Appeals department handles first-level appeals and second-level appeals to its Board of Review. UI Support serves as the hub for policy, training, metrics, legislation, benefit quality control audits, supplemental budget requests, and integrity-related tasks such as the investigations, overpayment, and collection functions.
4. The Project Management Office (PMO)/Integration Unit oversees the development and implementation of program enhancements, working with IT staff using established System Development Life Cycle procedures. A Central Processing Unit, under the PMO, supports all departments through the central collection and processing of forms and correspondence.

While the LWC's statewide network of more than 60 Business & Career Solutions Centers is not directly involved in the day-to-day administration of UI benefits, many of the centers' workforce development clientele are UI claimants.

Office of Workers' Compensation Administration

The Louisiana Office of Workers' Compensation Administration (OWCA) was created in 1983 to administer the Louisiana Workers' Compensation Act (La. R.S. 23:1020.1 et seq.). Many significant changes to the Act's provisions have occurred since then. However, the basic premise of workers' compensation remains unchanged - that employees injured in the workplace should be compensated, regardless of fault, and provided with every reasonable opportunity and assistance to return to the workforce as soon as possible, in exchange for which their employers should be protected against potentially catastrophic tort liability. OWCA's mission is to facilitate that goal through efficient adjudication and administration of claims, investigation of fraud, enforcement of compliance, and implementation of appropriate

safety programs. The office is administered by a director appointed by and serving at the will of the Governor.

Fraud and Compliance

The Fraud and Compliance Unit investigates allegations of workers' compensation fraud. Under Louisiana law, any person who commits workers' compensation fraud may be fined up to \$10,000 and imprisoned for up to ten years. Referrals for criminal prosecution are made to the State Attorney General's Office. All records, reports, and other documents obtained during the course of a fraud investigation are confidential and are not subject to subpoena or public records requests.

The section also monitors and enforces the Workers' Compensation Act's mandatory insurance compliance requirement. Under the newly implemented Mandatory Insurance Compliance System, civil fines may be assessed by workers' compensation judges against employers who fail to provide proper insurance coverage. The fines are collected through the Office of Debt Collection and deposited into the Workers' Compensation Administrative Fund. Employers found to be in violation of compliance laws on multiple occasions may be ordered to cease and desist conducting business in the state, and/or subjected to criminal sanctions for willful violations.

Second Injury Board/Finance and Audit

The Second Injury Board (SIB) is an employer/insurer funded program created for the express purpose of encouraging the employment of individuals with pre-existing permanent partial disabilities (PPD) that might otherwise hinder their ability to find work. SIB promotes the hiring of such individuals by partially reimbursing employers/insurers for workers' compensation benefits paid to injured workers where the statutory requirements are met. Pursuant to Louisiana Revised Statutes 23:1378, *et seq.*, reimbursement from the Second Injury Fund is authorized where (1) the injured worker suffered from a pre-existing permanent partial disability as defined by law, (2) the employer had prior knowledge of the condition, and (3) the PPD merges with a second compensable injury to result in greater liability for workers' compensation benefits than would otherwise exist. The SIB annual assessment rate for 2015 was 5.95% of benefits paid by employers/insurers, for a total assessment of \$50,031,053.93.

The Finance and Audit Unit is responsible for evaluating and recommending approval or denial of applications to become authorized self-insured employers or approved Third Party Administrators for workers' compensation programs. The unit determines appropriate levels of self-insurance retention and appropriate levels of security to be posted with the OWCA. It also collects and maintains records to ensure that self-insured employers remain financially sound, maintain proper levels of retention, and security and comply with all self-insurance

requirements. The unit recommends annual assessment rates for the OWCA administrative assessment used to fund the office, as well as the Second Injury Board assessment. Following approval of the assessment rate, Finance and Audit issues assessment notices to payers, posts receivables, and acts on delinquent collections.

Safety and Health

The Workplace Safety Section is responsible for distributing and processing of quarterly incident reports (LWC WC-1017A) in order to identify employers who are experiencing above-average injuries for their industry classification. The section also provides on-site facility inspections to identify hazards and assess written program elements in order to ensure compliance with workplace safety provisions. The Workplace Safety Section's objective is to continuously improve the efficiency, quality and effectiveness of service to employers and employees. To that end, the section performed 761 on-site visits in 2015.

OSHA Consultation

The Louisiana OSHA Consultation Program provides safety consultation services through on-site visits at the request and invitation of Louisiana employers. Special emphasis is given to employers engaged in hazardous industries based on their occupational exposure and illness and injury experiences. Decreases in workers' compensation premiums, as mandated by the Workers' Compensation Cost Containment Act, La. R.S. 23:1175, *et seq.*, are promoted via on-site annual training. Additional training and education are supplied to employers through outreach programs, participation in employer/employee organizations and seminars, safety and health program packages, promotional materials, and LWC's web page, *laworks.net*. The unit was created in 1987, and was recently nominated for a national OSHA "Oscar" award based on its "H2OSHA" program, highlighting the dangers of summer heat injuries in Louisiana.

Records Management

OWCA's Records Management Section is comprised of four units: Audit and Publication, Occupational Safety and Health (OSH), Operations, and Uncontested. Together, these units are responsible for maintaining records and publishing statistical reports concerning workplace accidents, safety, etc., providing data to the U.S. Department of Labor's Bureau of Labor Statistics (BLS) for purposes of national comparisons, processing internal records requests and public records requests, and analyzing thousands of records for notable trends within the workforce. As of 2013, the latest year for which complete data is available, Louisiana ranked second nationally regarding the fewest workplace incidents.

Medical Services

The Medical Services Section manages disputed claims for medical treatment. It includes registered nurses as well as one physicians appointed to review claims for treatment under the Medical Treatment Schedule, adopted by the legislature in 2009 and implemented in 2011. Although the law allows up to thirty days in which to complete reviews, the section averages less than ten days between submission and resolution of a dispute, ensuring that treatment is in accordance with the best medical practices and significantly reducing treatment delays. The section also processes requests for independent medical examinations when medical disputes arise concerning an injured worker's physical condition or work status.

Hearings

OWCA's Hearings Section is the adjudicatory body for disputed workers' compensation claims. The section includes ten district offices located throughout the state, and is currently administered by 15 workers' compensation judges under the supervision of the director of the office who is the chief administrative offices to assist the judges (La. R.S. 23:1310.3). A chief workers' compensation judge acts in addition to the fifteen judges to assist the director to oversee the administrative affairs of the judges and to operate the workers' compensation judge system in an efficient manner. In 2015, 4,525 disputed claims for compensation were filed in OWC courts. In addition, over 5230 settlements were approved by the courts. The average delay for resolving disputed claims was 7 months.

Office of Workforce Development

The core focus of OWD is to fill job vacancies by connecting job seekers with those employers looking for applicants with skills and credentials in demand occupations. This is accomplished by recruiting individuals with marketable skills to immediate employment opportunities and by enrolling skills-deficient job-seekers into training pipelines, thereby producing additional, qualified job candidates to meet the projected long term workforce needs of employers.

OWD provides oversight and administrative support for federally-funded programs that are executed and implemented by sixteen Workforce Development Boards located around the state, utilizing on-line resources and in-person counseling provided at Business and Career Solution Centers (Job centers or One-Stops) in each Workforce Development Area. Agency programs are described in greater detail below. Workforce Development is currently in the midst of a significant transformation, driven by implementation of the Workforce Innovation and Opportunity Act (WIOA), the recently-passed federal legislation that places increased

emphasis on bundled services that better meet demand occupation needs and the needs of job seekers who are designated hardest-to-serve.

Adult, Dislocated Worker, and Youth programs, coupled with Wagner-Peyser funding, are the primary drivers of Workforce Development. Other programs and their contributions are listed below.

Monitoring

Oversight of both fiscal and programmatic activities is vital to determining and sharing best practices, identifying and correcting problematic issues as early as possible, and remaining in compliance on all federal and state laws, regulations, and statutes as they apply to the fund source regardless of Title or Type. OWD's approach is a continuous monitoring process that uses real-time data and assessments for monitoring sub-recipients of federal funding.

Management Information Systems

This section operates the state's proprietary web-based platform (HiRE) in support of federally funded workforce programs, such as Wagner Peyser, Workforce Innovation and Opportunity Act, the Trade Act, National Emergency Grants, Jobs for Veterans State Grant, and any other workforce program which may be forthcoming. MIS is the "central nervous system" for the agency, connecting job seekers and employers through system tools and resources, managing all federally funded job training, producing and managing all federal reporting, collecting both Performance and Managerial Metric and Monitoring Data, and developing and delivering all technical assistance and training for operations.

Business Services

This initiative analyzes local, state and regional demographic and workforce information to capture and track changes in business and industry trends that will significantly affect demand occupations, workforce skills, and training requirements.

One Stop Center Service Delivery

These facilities operate a quality-focused, employer-driven, and customer-centered operation that is tailored to meet the needs of regional economies. This is done by increasing access to, and opportunities for, the employment, education, training, and support services that individuals need to succeed in the labor market, particularly those with barriers to employment.

Re-Employment Services

This program provides comprehensive and integrated job-related services for unemployment insurance including: group orientation, one-on-one sessions with a re-employment specialist,

assessment of employment needs, development of an Individual Employment Plan (IEP), job search assistance, job and supportive service referrals and skills upgrades through workshops and training.

Community Services Block Grant (CSBG)

CSBG provides close partnership with community action agencies. These agencies provide supportive services to help low-income individuals become or remain self-sufficient. Each agency offers a range of services which can include assistance with transportation, housing, income management, energy costs, nutrition, health care, emergency food and shelter, employment, and training.

Louisiana Rehabilitation Services (LRS)

This department assists people with disabilities to obtain or maintain employment and/or achieve independence in their communities by providing rehabilitation services and working cooperatively with business and other community resources.

Disability Employment Initiative (DEI)

DEI's goal is to improve education, training, and employment opportunities and outcomes of youth and adults with disabilities who are unemployed, underemployed and/or receiving Social Security disability benefits.

Incumbent Worker Training Program (IWTP)

IWTP is funded by Unemployment Insurance tax contributions, is dedicated for customized training through partnerships between LWC, business and industry, and training providers. The IWTP Small Business Employee Training Program (SBET) is designed to benefit business and industry by assisting in the skill development of existing employees through individual, standardized (off-the-shelf) training.

Registered Apprenticeship

It is a voluntary, industry-driven training program, where an apprentice-eligible occupation is learned through a structured program of supervised on-the-job training, is clearly identified and commonly accepted throughout the industry, requires a minimum of 2,000 hours of work experience to learn; requires related supplemental instruction; and involves the development of manual, mechanical and technical skills broad enough to be applicable in like occupations in the industry.

Veteran Services

The program provides employment assistance and training opportunities to veterans and other eligible persons so as to provide the maximum employment and training opportunities, with priority given to the needs of disabled veterans and veterans who served on active duty during

a war. The program also works to ease the transition of service members to civilian careers that are consistent with, or an outgrowth of, their military experience.

Rapid Response

This is an early intervention service that helps workers affected by major layoffs and plant closings qualify for new jobs. This program transitions workers into re-employment as quickly as possible decreasing the rate of unemployment by providing reemployment services upon the notice of a layoff or within 24 hours of a layoff event. The agency collaborates with LCTCS (which has a separate Rapid Response funding stream authorized by the Legislature) and with the Department of Economic Development to mitigate the economic impact of layoffs.

Trade Adjustment Assistance (TAA)

Program The TAA program provides services to workers who lose their jobs or experience reduced hours and/or wages due to international competition. TAA services may include training awards, job search and relocation allowances, and income support and health coverage tax credits.

Work Opportunity Tax Credit (WOTC)

WOTC is a federal tax credit available to employers hiring from certain target groups who have consistently faced significant barriers to employment.

Office of Management and Finance

Fiscal

This division handles the financial business for the agency, including federal financial reporting, accounts payable, and unemployment insurance accounting.

Budget

This division handles the preparation of the LWC Executive Budget and ensures compliance with the budget throughout the year.

Administrative Services

This division includes the procurement section (purchasing and contracts), maintenance, the mailroom, the warehouse and other administrative services including the agency's emergency response function and security functions.

Human Resources

The Human Resources division includes the training division. This division has been consolidated with the Office of Human Capital Management at the Division of Administration. However, there is still a large physical presence here, and they continue to report to the Chief Financial Officer as well as the Director of the Office of Human Capital Management.

Occupational Information Services

Occupational Information Services (OIS) Office consists of two major divisions; Information Technology (IT) and Labor Market Information (LMI), also known as Research and Statistics (R&S).

IT Division

Plan and direct activities and staff of a large computer center involving system and network functions on several platforms, database, enterprise networks, development and maintenance of software for the statewide users of the agency services. Make decisions on selection, purchase and installation of IT equipment and software.

LMI Division

Plan and direct staff and LMI programs in compiling, interpreting, and releasing information on employment and unemployment trends, occupational outlook, and other economic factors at the state and sub-state level. Interpret state and federal laws to ensure further enhancements to tools and services as well as program compliance. Work with educational partners, economic developers, Bureau of Labor Statistics (BLS), Employment and Training Administration (ETA) and workforce development agencies in providing information to enhance their mission and operations.

BUDGET STRUCTURE

The Louisiana Workforce Commission's budget structure consists of seven appropriations which are reflected in the divisions of the aforementioned organizational chart. These include the Office of the Executive Director, the Office of Unemployment Insurance, the Office of Worker's Compensation, the Second Injury Board, the Office of Workforce Development, the Office of Occupational Information Services and the Office of Management and Finance.

Fifty seven percent (57 %) of the agency's budget is made up of federal means of financing. Thirty eight percent (39 %) is statutory dedicated means of financing. The following provides a description of the various means of financing and source of revenue.

Federal Funds

LWC's existing FY 16-17 budget totals \$ 160,033,524. The majority of these funds are provided by the United States Department of Labor Employment and training administration. The funds are from the Workforce Investment and Opportunity Act and the Unemployment Administration. These federal funds are "use it or lose it" funds and therefore, the goal of these efficiency measures is to minimize the amount of funds used for administrative purposes and increase expenditure providing direct services to LWC customers...

Statutory Dedicated Funds

Six (6) programs and accounts make up the statutory dedicated funds totaling \$109,701,626. These programs are Randolph Sheppard, Incumbent Worker Training, Employment Security Administration, Penalty and Interest, Workers' Compensations Administration, and Second Injury Board.

General Fund

All general fund dollars are devoted to Louisiana Rehabilitation Services. This appropriation is a federally mandated match for the Louisiana Vocational Rehabilitation program to draw \$3.69 of federal funds on every dollar of nonfederal match.

Interagency Transfers and Fees & Self-generated

These funds make up the remainder of the FY17 budget. Fees and self-generated funds make up a small portion of the budget at \$350,000. These dollars are collected as donations from public/private entities and individuals to serve as a match for LA Vocational Rehabilitation fund. Interagency transfers total \$6,245,368 and are collected from other states agencies for services provided to those agencies i.e. Louisiana Job Employment Training (LaJet) and Strategies to Empower People (STEP) DOC Pilot.

EFFICIENT OPERATIONS FOR 2016-2017 AND BEYOND BY DIVISION

OFFICE OF UNEMPLOYMENT INSURANCE

Unemployment Insurance (UI) continues to demonstrate its ongoing commitment to efficient operations by continually examining its business structures, processes, practices, procedures, and resources, and by making changes as necessary. UI's current focus includes three major initiatives, which exemplify its commitment to improved efficiencies: Modernization, Reorganization of Benefits, and Employer Self-Service Tools.

The Modernization project involves transitioning to a vendor-hosted, web-based, fully automated and integrated computer processing system. The old system consists of a mainframe with little or no application interface, requiring multiple manual processes for even the simplest of tasks. One of the premier functions of the new automated system, HiRE (Helping Individuals Reach Employment), is that it bridges the gap between Office of Workforce Development (OWD) and UI by assimilating OWD workforce registration, work search, and job referral systems, into the UI claims application process and weekly certification systems. As a result, re-employment services are now linked with unemployment applications, giving customers immediate job search results when filing for UI benefits. As HiRE continues to be implemented, additional systems will be automated and integrated, further reducing the need for staff and improving efficiencies. Also increasing efficiencies is the provision of technological support by the HiRE project management firm which significantly reduces reliance on internal IT staff to perform this function.

In addition to the implementation of systems integration through HiRE, a total reorganization of the UI benefits department was designed. The new construct successfully merged three related areas that were previously separate and distinct operations. The call intake center, benefit adjudication, and benefit payments operations were consolidated into a single unit and named the Benefit Analysis Team (BAT). Through extensive cross-training, each BAT team member, formerly relegated to narrowly defined duties, now has the skill set to perform all functions of the unit, including taking calls, adjudicating claims, issuing written determinations, processing overpayments, and all other activities related to benefits. These combined proficiencies provide the framework for achieving higher levels of customer service while reducing the need for additional staff. This internal restructuring has positively transformed UI benefits operations and delivery, and has improved work culture and work processes. It is expected that the new structure, which reduces staff while expanding staff capabilities, will continue to result in increased efficiencies.

Also contributing to the improvement of efficiencies is the automated Employer Wage and Tax Portal introduced by UI Tax as a complete online filing mechanism offering employers a variety of automated services. Most notable is the capability to submit wage records electronically, receive calculations of UI tax, and make tax payments electronically. The Portal also provides self-service tools that allow employers instant access to an account number and associated UI tax rate, as well as the ability to make real-time informational updates such as address changes, closures, acquisitions, and sales. Additionally, UI Tax web-based services have greatly reduced the need for direct assistance from staff in order for employers to provide and receive necessary information and reports. The need for staff will be decreased further with the expansion of automated services once UI Tax is integrated into the next phase of HiRE, thereby improving efficiencies. Also, the use of technology and automation have made it easier to detect and aggressively pursue common violations such as SUTA dumping and Misclassification of Workers, which has resulted in increased revenue through assessed taxes, penalties and interest.

Through these initiatives and other processes, UI ensures that the consideration of maximum efficiencies remains paramount in its delivery of UI services and in all aspects of its operations.

OFFICE OF WORKERS' COMPENSATION ADMINISTRATION

The initiatives the Office of Workers' Compensation Administration (OWCA) will take to ensure more efficient and effective operations follow:

OWCA Audit and Finance

Presently, this section has implemented the use of a Lock Box for receiving OWCA and SIB Assessment Payments. This saves the department from manually processing approximately 1400 checks annually. Transactions are posted to accounts from a spreadsheet provided by the bank. Overall savings are in man-hours, supplies and lower risk of error.

Additionally, it is scanning checks from the OWCA workers' compensation courts through ITMS for deposit instead of manually processing and depositing checks. This results in faster deposits, checks do not have to be copied and logged as the system provides a deposit log and manual checks do not have to be delivered to the bank. Overall savings are in man-hours as well as supplies and lower risk of errors.

Electronic files have been established for all authorized self-insured employers allowing required annual documents to be filed electronically lessening paper usage and allowing

auditors to review documents without having to pull physical files. The required documents are voluminous and required a large amount of physical filing space.

The use of desk audits has been implemented for authorized self-insured employers. The use of desk audits for authorized self-insured employers results in a greater number of audits with less travel and expenses to the unit for an overall cost savings to the section.

Second Injury Board

Eliminated the backlog of unaudited submissions has been eliminated resulting in a reduction of 1 staff member while maintaining the current workload at its current level of efficiency.

The filing system has been converted to a terminal digit system which saves time locating files, makes misfiles easily identifiable, and requires no file shifting in the cabinets.

Medical Services

Medical Treatment Guideline Appeal (1009) rejections are being identified early on resulting in less handling of unacceptable appeals, making scanning of these documents unnecessary and review by the medical sections nurses avoidable. The result has been that these documents do not reach a higher hourly wage rate employee and are returned to the appellant.

The Medical Services staff provides relevant information to callers, including links to statutes and rules on first call drastically eliminating repeat calls.

Fraud & Compliance

Mandatory Insurance Compliance System (MICS) has been implemented utilizing existing software (Justware) which allows electronic tracking of non-compliant employers. This replaces the paper system utilized previously.

An online coverage verification system has been implemented that allows OWCA customers, including contractors, to verify/identify which employers have workers compensation coverage. It allows contractors to police hired subcontractors. The verification can all be done online practically eliminating calls to the office requesting verifications

Hearings

All judge vacancies have been filled. Therefore, the resolution of disputed claims continues to occur seamlessly. Additionally, the section is able to continue to decrease the average number of days required to fully resolve disputed claims which is currently 200 days, approximately a 50% decrease in the past four years.

This unit continues to reconcile the manual collection of raw data with the data retrieved from its Justware docketing system. The reliability of the information in Justware is essential to identify problem areas and to create efficiencies to better serve the workers' compensation community.

Records Management

The Records Management section is moving to the electronic filing of the second report of injury. This will decrease the use of paper and the necessity for additional man-hours to scan such documents into a filing system and make retrieval of that information less cumbersome and more efficient.

Future efficiencies

A new RMIS system is being considered to process Second Injury Fund claims as well as providing portals for the management of Authorized Self Insured Employers. The system, if approved, will allow for electronic submission of claims and reimbursement requests eliminating the manual input required of staff currently. This will also allow the insurers to review the status of submissions eliminating unnecessary telephone calls. It will allow for electronic submission of documents by self-insured employers eliminating volumes of paper received and scanning by staff. And lastly, it will unify tasks being completed in multiple systems into one system. This will allow staff to focus on the content of work and decision making and will lessen the risk of error.

The Hearings Section is seeking software to accomplish e-filing of all LWC-WC forms and pleadings. Moving toward a paperless system will improve the efficiency of workflow, standardize processes and make the dispute resolution process more effective.

OFFICE OF WORKFORCE DEVELOPMENT

A few operations within the Office of Workforce Development (OWD) are funded through state general funds, but OWD primarily operates from federal grant funding that is either cyclical and recurring or discretionary. Although a majority of OWD funding is provided through federal grants, in accordance with Louisiana's House Concurrent Resolution No. 25, OWD has conducted an examination of its departmental structures, processes, civil service procedures, procurement, use of technology, duplication of services, and looked in to the elimination or improvement of ineffective and inefficient activities.

After thorough examination, OWD has noted the following:

Departmental Structures

OWD's current organizational structure includes 425 classified positions. Of those positions, 398 are currently filled. OWD is in the process of filling current vacancies at this time. OWD also has 32 positions that are currently filled by Job Appointments and 10 positions filled as WAE appointments.

During examination, it was noted that a more efficient organizational model may be possible, but further research is necessary prior to recommending a new model. If it is determined that a more efficient model is possible, OWD will submit its proposal for an updated organizational model to the Human Resources Department no later than July 29, 2016.

OWD will combine the Deaf Services Program within the Rehabilitative Services Section with the Blind Services Program. These combined services will fall under the direction of the Executive Director of Blind Services. OWD is also reassigning Rehabilitation Evaluators to fill vacant Rehabilitation Counselor positions. These efforts are expected to result in a cost savings of approximately \$110,000.

Process Improvements

All OWD operations have begun the process of implementing paperless procedures to the extent possible. This includes utilizing electronic signatures, scanning case management files, and utilizing e-mail and text as a communication means with customers. There will be an up-front cost associated with the procurement of the scanners and signature pads necessary for this initiative, but there will be an overall cost savings over time. Actual cost savings are difficult to discern, but we anticipate seeing cost savings in paper and other supplies.

OWD is investigating methods to reduce the casework burden of its Rehabilitative Counselors. OWD plans to utilize existing systems such as the AWARE case management system, SharePoint, and utilizing Adobe Acrobat for form creation.

Procurement

OWD is working to identify office space within Business and Career Solution Centers (BCSCs) that would allow LRS counselors to integrate into BCSCs. Negotiations are currently underway to house LRS counselors in the New Orleans JOB1 location and efforts to relocate or co-locate other LRS offices will take place as current leases expire. Through these efforts and other lease related efforts, OWD expects to save approximately \$350,000 over the next two years.

Ineffective and Inefficient Activities

OWD recognizes that it must operate as effectively and efficiently as possible in order to provide the best quality service to its customers. OWD also recognizes the importance that partnerships with other local, state, and federal agencies have on efficiency as well as their impact on quality customer service. As such, OWD will continue to develop partnerships similar to the Workforce Innovation and Opportunity Program (WIOP) it recently developed in partnership with DCFS to provide staff assisted services to SNAP beneficiaries that have been classified as ABAWDs by DCFS.

OWD's current Business Services unit is composed of eight regional Industry Sector Coordinators (ISCs) and eight Business Services Consultants (BSCs). After examination it has been determined that the BSR position in fact duplicates services provided to employers by other OWD, or local employees within BCSCs throughout the state. As such, it has been determined that these positions can be eliminated with little to no impact on business services. Employees currently in these positions will be evaluated and reassigned based on business needs and individual skill sets. It was also determined that the current regional ISCs are required to concentrate their efforts on the top four industries within their assigned regions and that it would be more effective if each ISC were to instead focus their efforts on one industry statewide.

OWD is responsible for conducting child labor inspections throughout the state. These inspections were completed by a few inspectors located in different areas of the State. It was determined that it would be more efficient to handle child labor inspections as a part FTE by a number of state merit staff members located throughout the state. It was also determined that the current child labor monitoring and tracking system is duplicative of functions that are available in LWC's proprietary software system, HiRE.

OFFICE OF THE EXECUTIVE DIRECTOR, OFFICE OF MANAGEMENT AND FINANCE, AND OFFICE OF INFORMATION SERVICES

LWC has made a conscious effort to do more with less and has reduced its workforce (authorized positions) over the past years by 25% and still maintains an effective level of service through increased efficiencies and process improvements across all business units.

LWC has managed to decrease its overhead from 15.87% in FY 07-08 to 11.07% in FY 13 by streamlining business processes and eliminating non value-added activities. However, the agency's overhead cost has steadily increased over the past few years to 12.5% due to consolidation initiatives and other external factors that are beyond the agency's control.

For example, statewide costs have increased by 76% since FY09. These costs consist of Civil Service, Legislative Auditors, State Purchasing, Uniform Payroll, Risk Management, and the Treasurer's Office. This increase amounts to more than \$1M and must come from funds that are used to provide direct services to customers. Continued escalation of these costs will reduce efficiencies and reduce the amount of funding for direct customer service.

Management decided to consolidate the purchasing and contracts units into one procurement unit. The decision was based on the assumption that the LWC would decrease costs while allowing the agency to improve services to customers. LWC has streamlined the procurement section to a six member team responsible for administering the purchasing, contract, leases, and Requests for Proposals (RFP) functions for all LWC offices throughout the state. The agency had delegated purchasing authority in the amount of \$25,000 for printing, operating supplies, operating services and equipment. As a result of increased delegated authority, the agency was able to significantly improve the processing time for goods and services for internal customers while ensuring compliance with state purchasing rules and regulations.

Consolidation of the procurement process significantly hinders the agency's ability to provide services efficiently. The consolidation effort was touted to make the procurement process less costly; however, that has not been the case. LWC procurement costs have increased by \$187,000 annually, which is the amount Office of State Procurement (OSP) charges LWC to cover OSP operating expenses.

LWC cycle times have also increased. The DPA (delegated purchasing authority) was reduced from \$25,000 to \$5,000 due only to the mandated procurement centralization effort. As a result, the OSP now reviews and processes many of the routine transactions LWC conducted prior to consolidation. LWC staff constantly goes back and forth with OSP employees in an effort to complete purchases. This tedious process has increased the time it takes to process purchases. Prior to having DPA reduced, LWC processed at least 90% of purchases in less than

three(3) days. Currently, it is taking an average of fifteen (15) days to process requests for purchases between the amounts of \$5,000 - \$25,000.

Also, the delegated authority for professional, personal, consulting or social services contracts was reduced from \$20,000 to \$2,000. For example, simple consulting contracts under \$20,000 now require an average 2 week review by OSPPC (Office of State Procurement, Professional Contracts). Prior to consolidation, the agency processed this type of contract in 2-3 days. It is now taking 13-25 days to process these contracts, mainly due to OSPCC's additional review.

Use of the P-card (Purchasing Card) was mandated for certain types of travel and strongly encouraged use of the P-card for purchases under \$5,000. In February 2014, DOA required use of the electronic Bank of America system called Works to process and document all P-card transactions. At the time, LWC was excited about this change because it would serve to completely automate the process. Instead, it has made the process more cumbersome. In addition to the automated process, LWC is still required to complete the same steps manually. For example, P-card users must allocate, approve and attach supporting documentation in the automated system. P-card holders must also manually complete a P-card log and attach supporting documentation and approve both documents again. Consideration of increased purchasing authority should be given to those agencies that have sufficient resources and expertise in state procurement rules and regulations.

The redundant, cumbersome P-card processes have made users weary of using the card program and add little to no value in avoiding incorrect payments or fraud. The agency had to dedicate additional staff to assist in meeting DOA's reporting and program administration requirements. While LWC agrees that the program needed increased oversight, however, the requirements in place are excessive and unnecessarily burden program users and administrators. Consideration should be given to eliminate unnecessary, non-value added approval to increase efficiency.

The policy governing the use of P-cards should be revised to eliminate any duplicative or unnecessary approval requirements while maintaining adequate internal control to protect public funds.

All state information technology services were consolidated in 2013. Prior to the consolidation with of information technology services, LWC funded approximately 70 FTE positions. However, with consolidation, the cost of IT services has increased. While the agency's total expenditures have not increased, per unit costs have increased. In FY16, LWC spent the same amount of funds for IT services; however, that amount was sufficient to only purchase 49 FTE's.

Conclusion

The Louisiana Workforce Commission is committed to carrying out its mission and providing the people of Louisiana with the best customer service and most assistance possible. To that end, the leadership and staff at LWC remain steadfast in our focus to operate in the most efficient and cost-effective manner, ensuring that both state and federal dollars that flow through this agency are utilized for the intended purposes to the greatest effect.

LWC evaluates on an on-going basis all operations to ensure that best-practices are in place to meet this goal. The agency will continue to be available to the Division of Administration, the State Legislature and the Task Force on Structural changes in Budget and Tax Policy should you need any additional information from this agency. The point of contact for this report is Director Ava Dejoie, who can be reached at adejoie@lwc.la.gov or 225-342—3001.