



# Subcommittee on Business Development

Interim Meeting  
Louisiana Workforce Commission  
Budget Topics

Chairman  
Representative Gary Smith



# Louisiana Workforce Commission

## Agenda:

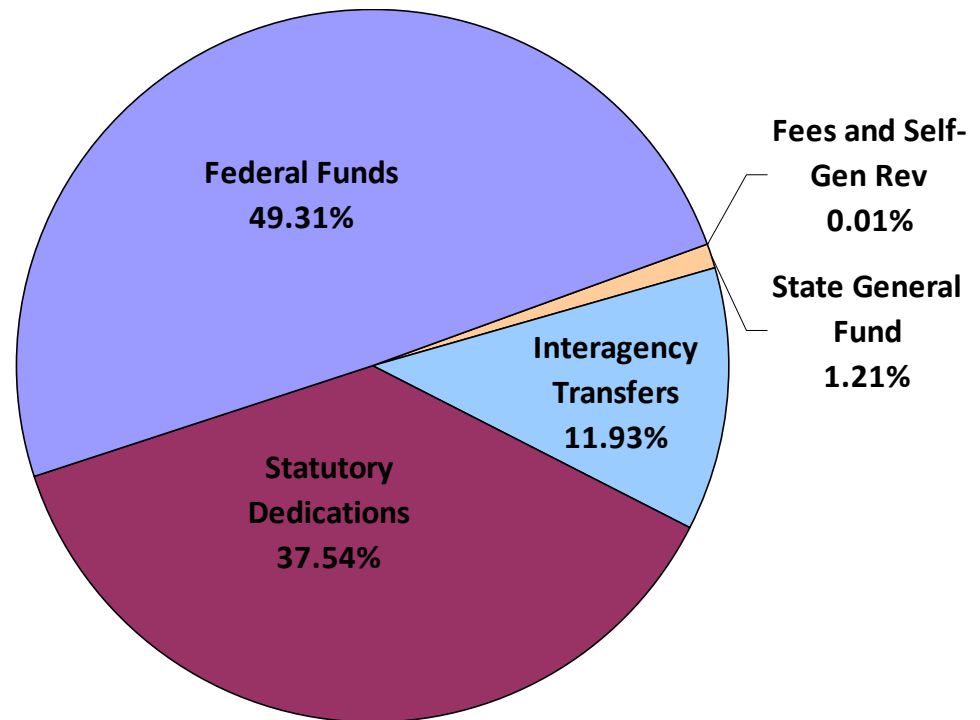
- FY 08-09 Existing Operating Budget
- Salaries and Positions
- Travel Expenditures
- Statutory Dedications
  - Incumbent Worker Training Account
  - Louisiana Workers' Compensation Second Injury Fund
- Other Items
  - Unemployment Insurance



# Existing Operating Budget

- LWC's FY 08-09 Total Existing Operating Budget is \$300M

– Means of Finance  
in percent form





# Existing Operating Budget

Louisiana Workforce Commission					
FY 08-09 EOB compared to FY 09-10 Requested					
Means of Finance	FY 07-08 Actual	FY 08-09 Existing Operating Budget	FY 09-10 Requested	Change from from FY08-09 to FY09-10	Percent Change
State General Fund	\$804,014	\$3,624,596	\$0	(\$3,624,596)	-100.0%
Interagency Transfers	\$4,736,420	\$35,765,024	\$17,413,093	(\$18,351,931)	-51.3%
Fees and Self-Gen Rev	\$620,439	\$19,417	\$0	(\$19,417)	-100.0%
Statutory Dedications	\$102,051,401	\$112,520,095	\$112,942,515	\$422,420	0.4%
Federal Funds	\$136,571,732	\$147,804,672	\$133,845,161	(\$13,959,511)	-9.4%
<b>TOTAL</b>	<b>\$244,784,006</b>	<b>\$299,733,804</b>	<b>\$264,200,769</b>	<b>(\$35,533,035)</b>	<b>-11.9%</b>



## Salaries and Positions

- Salaries (\$46.3M) and Related Benefits (\$20.1M) account for \$66.4M or 22.1% of the total existing operating budget
- 1,063 Total Positions (1,040 classified and 23 unclassified)
- Average salary for the department ≈ \$43,000
- As of 1/1/2009, the department had 177 vacancies



## Travel Expenditures

- The department has a \$1.2M budget for travel in the current fiscal year. This represents .4% of their total existing operating budget.
- Types of travel include:
  - Routine administrative travel by staff for meetings with the businesses regarding workforce development needs and services offered through various programs.
  - Conduct safety inspections, fraud investigations, UI tax audits, and monitor local workforce investment boards.
  - The Rapid Response Team mobilize units that respond to mass layoff, providing on site technical assistance.



# Travel Expenditures

• Type of Travel	FY 08-09 EOB
In-State Administrative	\$ 3,805
In-State Conf. & Conv.	\$ 125,395
<u>In-State Field Travel</u>	<u>\$ 606,241</u>
Total In-State Travel	\$ 735,441
Out-of-State Administrative	\$ 2,188
Out-of-State Conf. & Conv.	\$ 260,167
Out-of-State Field Travel	\$ 49,230
<u>Out-of-State IT/Training</u>	<u>\$ 96,203</u>
Total Out-of State Travel	\$ 407,788
<u>Travel-Central Business Acct</u>	<u>\$ 19,378</u>
<b>Total Travel</b>	<b>\$1,162,607</b>



## Statutory Dedications

- Incumbent Worker Training Account
- EOB is \$47.8M and the undesignated fund balance is \$3.8M
  - Created by Act 197 of the 1999 Regular Legislative Session.
  - The source of revenue is unemployment insurance social charge.
  - The fund is created in the Employment Security Administration Fund. Funds shall be used for the training for businesses operating in Louisiana that incur a state unemployment insurance tax liability.
  - All monies unexpended or unencumbered at the end of the fiscal year shall remain in the fund.



## Statutory Dedications

- Louisiana Workers' Compensation Second Injury Fund
- EOB is \$46.3M and the undesignated fund balance is \$26.1M
  - The fund was created by Act 165 of the 1974 Regular Legislative Session.
  - The source of revenue is from an annual assessment against insurance carriers and self-insured. The board may suspend or lower this assessment rate annually.
  - All remaining and unencumbered balances at the end of any fiscal year shall remain in the fund.



## Other Items

- Unemployment Insurance
  - Provides temporary financial assistance for workers who have lost their job through no fault of their own and meet eligibility requirements.
  - Benefits are financed through quarterly payments of unemployment insurance taxes on each worker.
  - Administrative costs of the program are funded through payment of federal unemployment insurance taxes.



# Unemployment Insurance

- National Outlook
  - At least 4 states' UI systems have crashed for a period of time.
  - Nearly every state is reporting delays and issues with customer service due the increased activity.
  - Some states have added additional telephone lines, additional employees, and or increased hours of operation.
  - According to the National Conference of State Legislatures, 7 states are borrowing from the federal government to cover an increase in unemployment benefits for jobless workers.
  - Louisiana has one of the healthiest unemployment trust fund in the nation.



## Unemployment Insurance

- Louisiana Statistics                      2007                      2008
  - Number of employers                      102K                      103K
  - Number of claims                      125K                      216K
  - Benefits Paid                      \$170M                      \$218M
  - Trust Fund Balance                      \$1.44B                      \$1.43B
- As of December 2008 the unemployment rate in Louisiana is 5.9% compared to the national average of 7.2%.



# Unemployment Insurance

- The service delivery structure consists of a call center, statewide staff, and online services.
- Unemployment benefits claims operation had been congested by the increase in initial claims caused by economic conditions.
- The main cause of complaints is the difficulty getting through on the phone.
- Added to the situation is the January surge resulting from:
  - Christmas retail hires being laid off
  - Construction industry layoffs are at their peak around this time of year
  - Layoffs in the pulp and paper industry and auto manufacturing
  - During the week of January 10<sup>th</sup> the number of initial claims surpassed 6,800, up from a typical weekly volume of less than 3K



# Unemployment Insurance

- LWC's is addressing these issues by:
  - Extending call center operating hours to 12 hours a day (from 7am to 7pm), and re-opened the Monroe call center.
  - Adding an additional 50 temporary employees (43 have been filled and 7 are in the process).
  - Launching upgrade to the initial claim web application, making it more user friendly and efficient.
  - State of the art integrated call processing system implemented by mid-March.
  - State of the art imaging and work flow systems implemented in June.
  - Louisiana Claims & Tax System (LaCATS) is an on-going project to modernize the current UI information technology system, which process UI claims and employers tax collections. The completion date is expected to be in 2011.