

Representative Cameron Henry  
Chairman



Representative Franklin Foil  
Vice Chairman

# **FY16-17 Executive Budget Review**

## **LOUISIANA WORKFORCE COMMISSION**

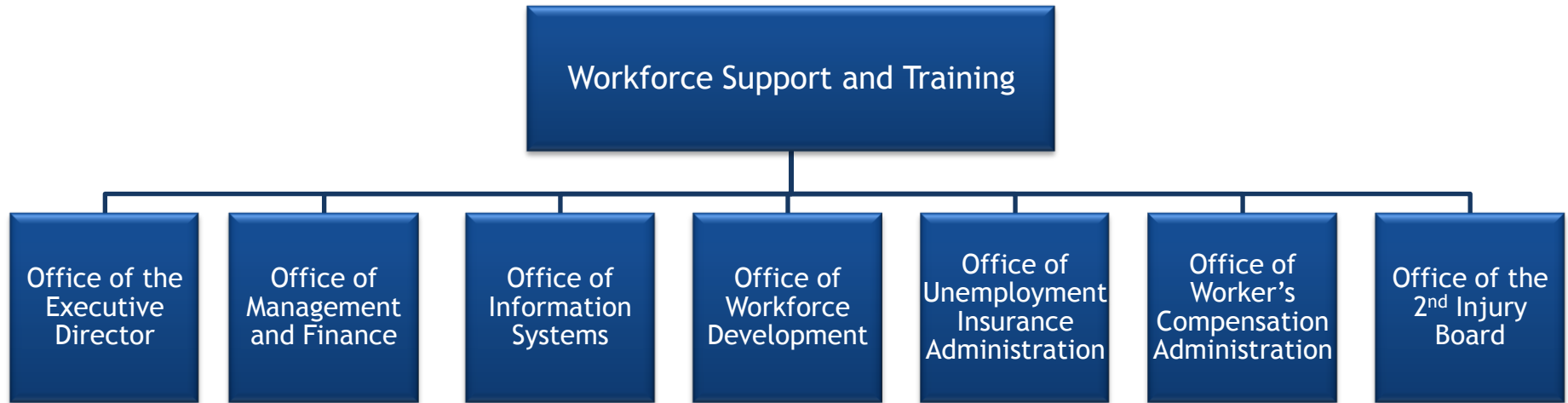
**House Committee on Appropriations**  
by the House Fiscal Division

April 4, 2016

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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.



*Image from LWC*

# 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 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 youth, adults, dislocated, and unemployed of the state.

## Customized Training

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

## Community Services Block Grant

- Provides funding for 42 community action agencies networking in rural and urban communities throughout the State to assist low-income individuals and families 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

- Works to enable individuals who have significant disabilities to function more independently in 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 WORKER'S COMPENSATION ADMINISTRATION

## Fraud and Compliance

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

## Hearings

- Conducts hearings on claims for benefits to determine 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.



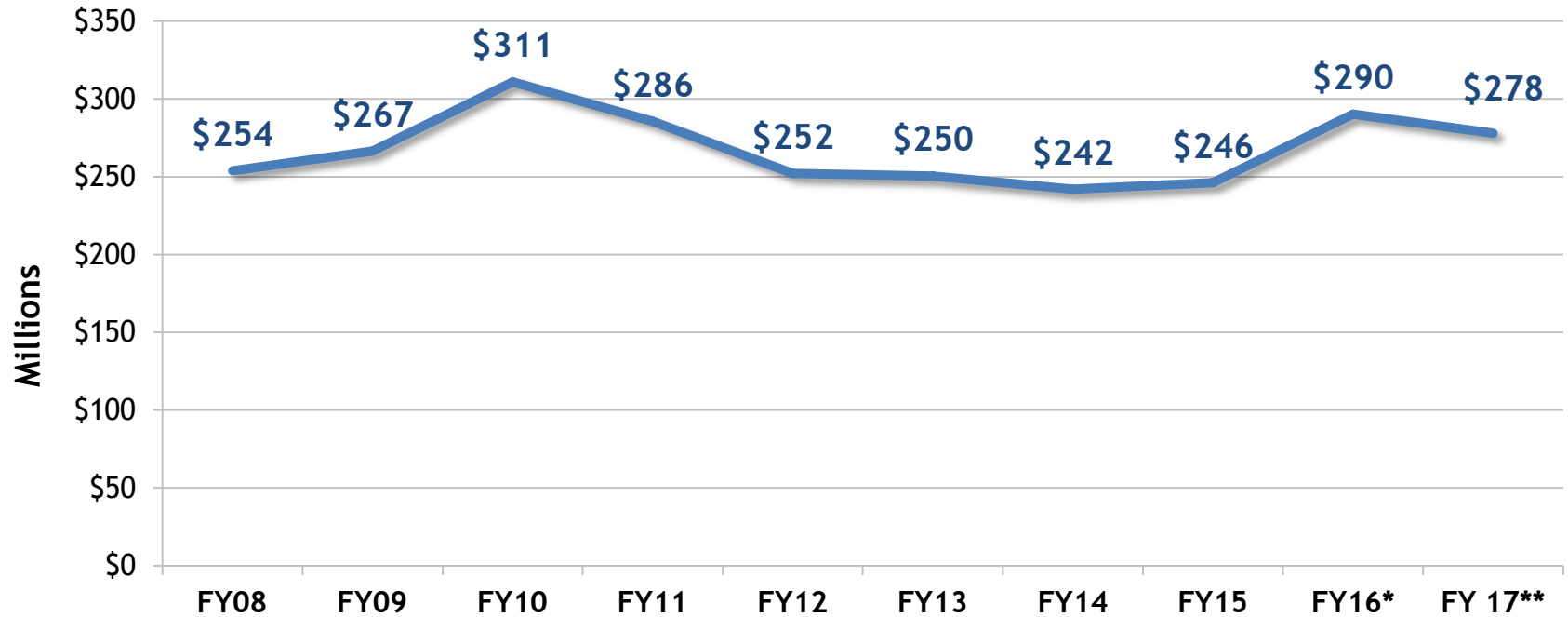
# OFFICE OF THE 2<sup>ND</sup> INJURY BOARD

## Administration of the 2<sup>nd</sup> 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 2<sup>nd</sup> injury claim.



# BUDGET HISTORY



Source: Executive Budget Supporting Documents

\*Existing Operating Budget as of 12/1/15  
\*\*Governor's Executive Budget Recommendation

# MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$8,163,120	\$8,163,120	\$3,022,891	(\$5,140,229)	(63.0%)
Interagency Transfers	\$1,263,600	\$4,595,368	\$4,595,368	\$0	0.0%
Fees and Self-Gen Rev.	\$15,088	\$272,219	\$272,219	\$0	0.0%
Statutory Dedications	\$94,589,851	\$110,374,166	\$109,698,626	(\$675,540)	(0.6%)
Federal Funds	\$142,107,393	\$166,725,300	\$160,319,356	(\$6,405,944)	(3.8%)
<b>Total Means of Finance</b>	<b>\$246,139,052</b>	<b>\$290,130,173</b>	<b>\$277,908,460</b>	<b>(\$12,221,713)</b>	<b>(4.2%)</b>

The Division of Administration estimates that \$8.2 million in State General Fund is needed in FY 17 to fully fund projected normal operating costs and other priorities. Therefore, \$5.1 million additional SGF is needed to fully fund operations.

# SOURCES OF REVENUE

## Federal Funds \$160.3 Million

Federal Funds consist of funds largely from the following:

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

## Statutory Dedications \$109.7 Million

There are six Statutory Dedications within the department, the largest of those include the following:

- Workers' Compensation Second Injury Fund
- Incumbent Worker Training Account
- Workers' Compensation Administration Fund

## Self Generated \$272,219

Self-generated Revenues are typically donations the department receives that are used for rehabilitative services that can also be used as matching dollars for Federal Funds.

## Interagency Transfers \$4.6 Million

Interagency Transfers are made up of two transfers from the Department of Children and Family Services - LaJet, which is the Louisiana Job Employment and Training Program, and LEAP, which is the Louisiana Employment Assistance Program.

# STATUTORY DEDICATIONS

Statutory Dedication	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Workers' Compensation Second Injury Fund	\$60,464,263	\$60,326,977	(\$137,286)	(0.2%)
Incumbent Worker Training Account	\$26,747,452	\$25,379,731	(\$1,367,721)	(5.1%)
Office of Workers' Compensation Administration	\$15,615,829	\$16,367,459	\$751,630	4.8%
Employment Security Administration Account	\$3,800,000	\$4,000,000	\$200,000	5.3%
Penalty and Interest Account	\$3,050,316	\$2,952,216	(\$98,100)	(3.2%)
Blind Vendors Trust Fund	\$696,306	\$672,243	(\$24,063)	(3.5%)
<b>Total</b>	<b>\$110,374,166</b>	<b>\$109,698,626</b>	<b>(\$675,540)</b>	<b>(0.6%)</b>

Statutory Dedications are 39.5% of the department's recommendation in FY17.

# SIGNIFICANT ADJUSTMENTS



(\$5.1 M)

SGF

State General Fund was reduced as part of the solution for the projected shortfall in FY17. This reduction will affect the matching dollars used for the Louisiana Rehabilitative Services.



(\$4.3 M)

FED

Federal Funds reduction was due to completion of the first phase of the Geographic Solutions Project contract for the Helping Employees Reach Employment (HIRE) system.



(\$2.1 M)

FED

Decrease is the net change of all of the statewide adjustments, which is largely made up of an decrease for Office of Technology Services fees, a decrease for attrition adjustments, and a decrease for salary base adjustments.



(\$1.3 M)

SD

Decrease is the reduction of the Incumbent Worker Training Account due to a requirement written in statute. R.S. 23:1553(B)(6) requires that following any year in which monies in this account are appropriated for use in the state general fund, that amount shall be subtracted from the amounts charged in the following year.



\$1.0 M

SD

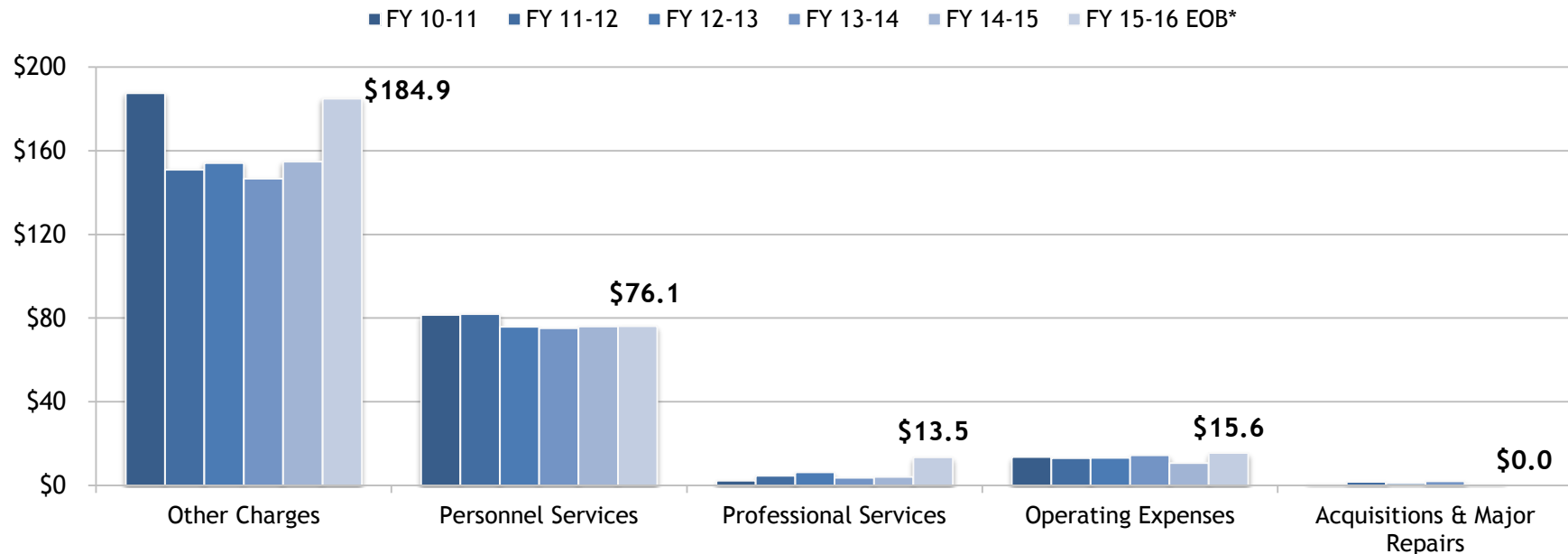
Increase is the realignment of Statutory Dedications to properly align budget authority with reflected revenues and expenditures within each program that they will be generated. The two funds affected are the Workers' Compensation Administration Fund and the Employment Security Administration Account.



# EXPENDITURE BREAKDOWN

Expenditure	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$43,945,350	\$45,004,715	\$43,601,929	(\$1,402,786)	(3.1%)
Other Compensation	\$3,505,544	\$2,108,675	\$2,108,675	\$0	0.0%
Related Benefits	\$28,524,028	\$29,026,382	\$29,284,108	\$257,726	0.9%
Travel	\$914,427	\$925,165	\$925,165	\$0	0.0%
Operating Services	\$8,900,766	\$13,721,971	\$14,293,856	\$571,885	4.2%
Supplies	\$939,771	\$946,734	\$946,734	\$0	0.0%
Professional Services	\$4,112,737	\$13,544,241	\$9,294,241	(\$4,250,000)	(31.4%)
Other Charges	\$154,790,195	\$184,852,290	\$177,453,752	(\$7,398,538)	(4.0%)
Acq/Major Repairs	\$506,234	\$0	\$0	\$0	0.0%
Unallotted	\$0	\$0	\$0	\$0	0.0%
<b>Total Expenditures</b>	<b>\$246,139,052</b>	<b>\$290,130,173</b>	<b>\$277,908,460</b>	<b>(\$12,221,713)</b>	<b>(4.2%)</b>
Authorized Positions	938	917	917	0	0.0%

# EXPENDITURE HISTORY (IN MILLIONS)



Other Charges largely includes pass through grants to local agencies for workforce trainings and education, grants for local governments to assist clients acquire job skills, vocational rehabilitation, reimbursements to insurance carriers for the costs of workers' compensation benefits in the 2<sup>nd</sup> Injury Program, auditor fees, and risk management fees.

Source: Executive Budget Supporting Documents  
\*Existing Operating Budget as of 12/1/15

# PERSONNEL INFORMATION

\$45.7 million Salaries and Other Compensation  
\$29.3 million Related Benefits  
**\$75.0 million Total Personnel Services**

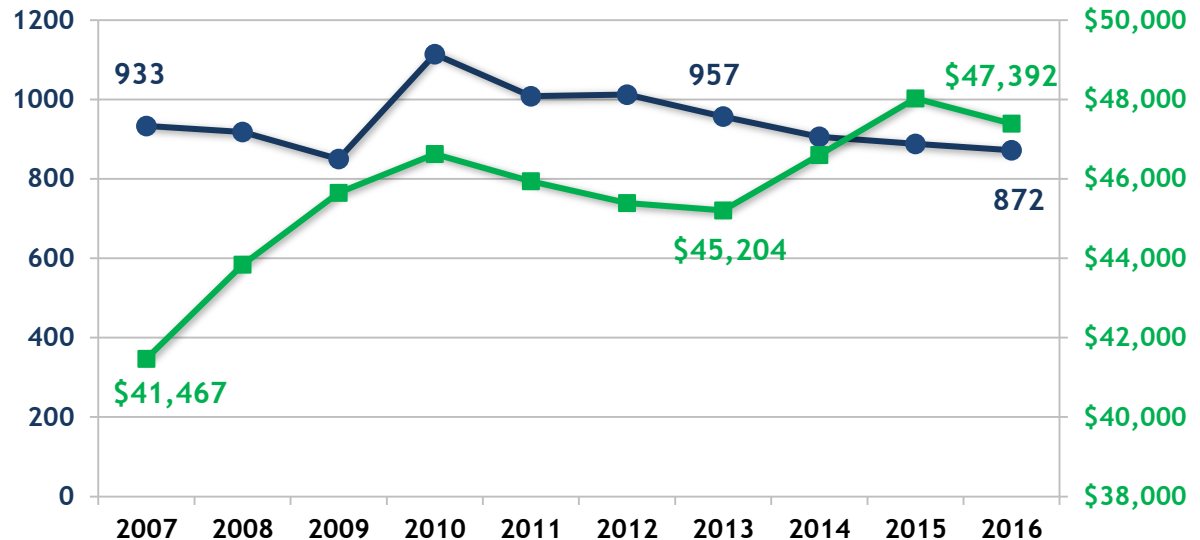
- 75% of the Department's Total Executive Budget Recommendation (excluding Other Charges)

## Authorized Positions

- 917 (899 classified and 18 unclassified)
- 139 full-time non-T.O. positions
- 0 Other Charges positions

\*As of 1/29/2016, Workforce Commission had 41 vacancies; no vacancies were eliminated in the Executive Budget.

## 10-Year Full Time Equivalent Positions VS. Average Salary



Source: Prepared by House Fiscal Division staff using information from the Department of Civil Service.

# DEPARTMENT CONTACTS



Louisiana Workforce Commission		
Ava Dejoie	Executive Director	(225) 342-3110
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