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John Bel Edwards, Governor
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Office of the Chief Financial Officer

December 6, 2016

Honorable J. Cameron Henry, Jr.
House Appropriations Committee Chairman
1539 Metairie Road, Ste. A
Metairie, LA 70005

Dear Representative Henry,

This information is provided in response to your request for information from the Louisiana Workforce Commission.

During the 2016 sessions, what did the department testify would be the effects of the FY 17 budget on services, staffing, and contracts?

The initial budget proposal included cuts to the Louisiana Rehabilitative Services program in the amount of \$7.5 M. (\$1.6M of state general funds (SGF) and a corresponding cut to federal funds of \$5.9M) In order to mitigate this cut, LWC was prepared to close all orders of selection and discontinue enrolling new participants in the program. However, through and interagency agreement (ITA) with Department of Corrections and Louisiana Community and Technical College System, we were able to partially offset the reduction and minimize the impact on the delivery of services.

Compared to FY 16, what reductions, including services, staffing, and contracts, has been made in the department in FY 17?

The adopted FY 17 budget has minimal changes compared to the FY 16 budget. Therefore, no additional reduction to services was necessary.

What reductions would the department make if there are mid-year reductions to the FY 17 budget?

The state general fund dollars included in the agency's budget is dedicated exclusively to meeting the matching requirements for the Louisiana Rehabilitation Services program. Therefore, any reduction incurred would require a reduction in services provided by the program. The reduction would include a cut in federal funds equal to \$3.69 for each non-federal matching dollar eliminated from the budget. Additional cuts would result in fewer individuals with disabilities receiving employment, training and support services.

Provide a brief overview of the FY 18 budget request compared to FY 17 by budget unit.

The proposed FY 18 budget is \$285,394,726. Ninety five percent (95%) of the budget consists of federal and statutory dedicated funds. The proposal represents an increase over the FY17 budget of \$2.1 M. That increase is due to technical adjustments (insurance, etc.) and the addition of a merit increase in the amount of \$2.1M. It also proposes to increase the general fund appropriation by \$1.6 M to restore the cuts incurred for the current fiscal year. All general fund

money is used to satisfy the matching requirements for the Louisiana Rehabilitative Services program.

What increases are requested in FY 18 and why are the increases necessary, including any new or expanded programs or services to additional populations?

The proposed FY18 budget includes an increase in SGF appropriation in the amount of \$1.6 M to restore cuts made to the current operating budget. The general fund portion of the agency's operating budget is dedicated exclusively for matching requirements for the Louisiana Vocational Rehabilitation Services program. The state can draw approximately \$3.69 of federal funds for each matching dollar appropriated. This increase in funds will allow the agency to continue to provide comprehensive workforce services to the disabled community.

The agency partially minimized the impact of the general fund reduction in FY 17 by acquiring matching funds through an interagency transfer of funds. However, we were not able to secure a commitment to continue that source of revenue prior to the deadline for submitting the proposed budget. Consequently, that revenue source was replaced with state general funds.

Without restoration of either source of matching funds, the program will see a reduction of approximately \$7.5 M.

Are there any reductions in the FY 18 budget requests, including those as a result of annualizing reductions made in FY 17?

There are no further reductions in the agency's proposed FY 18 budget. The majority of the budget is made up of federal funds and statutory dedicated revenues that will be used during the upcoming fiscal year to provide critical services to LWC customers.

Has the department added any positions, including classified, unclassified, and other charges positions, in FY 17? If so, how many and what positions? Did the department request additional positions in the FY 18 budget request? If so, how many and what positions.

The department did not request any additional positions for FY 17. However, a BA-7 was approved to return twelve (12) positions from the Human Services Capital Management section of the Division of Administration. The proposed budget for FY 18 does not include a request for additional positions.

Provide a summary of changes in salaries from FY 16 to FY 17, including performance adjustments, promotions, or any other changes in salaries. Provide a summary of requested changes in salaries from FY 17 to FY 18, including performance adjustments, promotions, or any other changes in salaries.

No merit increases were provided in FY 17.

Other pay adjustments in FY 16 salaries include:

Eleven (11) optional pay adjustments for an increase in biweekly pay of \$1,624

Fourteen (14) promotions for an increase in biweekly pay of \$2,527

Sixteen (16) reallocations for an increase in biweekly pay of \$2,173

Twenty nine (29) Special Entrance Rate for an increase in biweekly pay of \$7,354

The agency's FY 18 proposed budget includes merit increases in the amount of \$2.1 M.

What budget adjustments have been made since the initial appropriation to your department? How much in each means of finance has been appropriated to each agency since the initial appropriation?

There was only one budget adjustment done to return twelve (12) authorized positions from the Human Capital Management section of the Division of Administration to LWC. The adjustment had no impact on revenue.

Do your spending and staffing levels match the priorities of your department?

Spending and staffing levels match the priorities of the department.

Provide the top 5 performance measures that give the outcomes in your department. How do you rank nationally based on these priority measures?

Measure	Goal	Outcome	Ranking
UI Trust Fund Strength (Avg. High Cost Multiple)	1 yr.	1.3 yrs.	11
Cost for Employers (Average tax rate on total wages)	-	33%	4
Adult Entered Employment Rate	63%	64%	Not Avail
Dislocated Worker Retention Rate	69%	84%	Not Avail
Youth Placement in Employment or Education	68%	70%	Not Avail

Not Avail = USDOL has not yet issued national rankings for PY15

Provide a list of all sources of revenue that are not appropriated. These funds could include restricted or off budget accounts. Also, please provide the amount anticipated to be used in FY 17, the amount in FY 18, and any balance or reserve amount for each source or revenue.

The Unemployment Insurance Trust Fund resides in the United States Treasury. The official Revenue Estimating Conference (REC) forecast for unemployment insurance claims for the period September 2016 to August 2017 is \$276 M in total claims and a fund balance of \$870M. The REC will complete the FY 18 forecast in September 2017.

Please let me know if additional information is needed to satisfy your request. I may be reached at (225) 342-3110.

Sincerely,



Bennett Soulier
Chief Financial Officer