

Representative Jerome Zeringue  
Chairman



Representative Gary Carter  
Vice Chairman

# **Fiscal Year 2020-21 HB105 Budget Review Louisiana Workforce Commission**

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

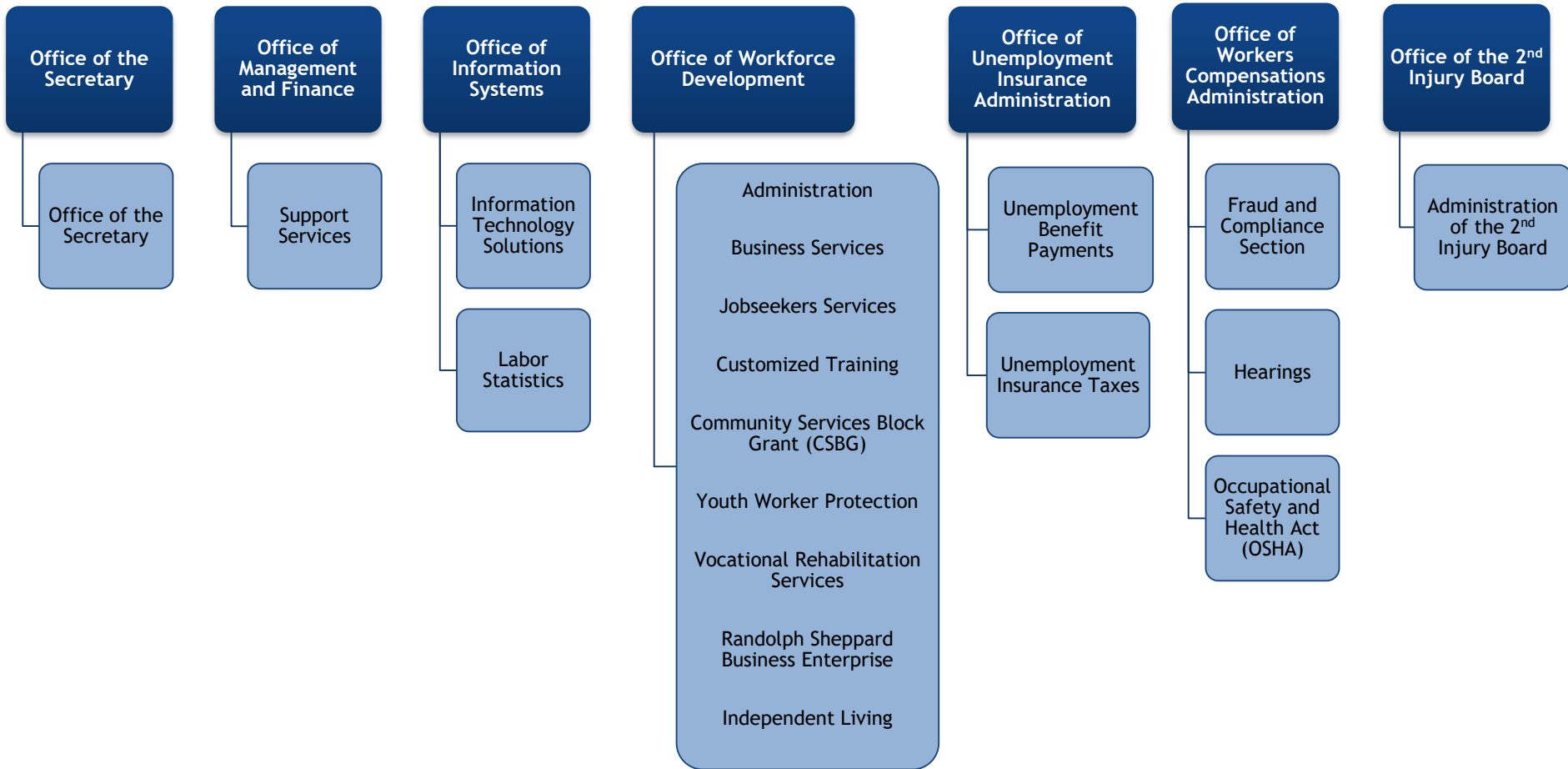
*March 11, 2020*

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# DEPARTMENT ORGANIZATION



# DEPARTMENT FUNCTIONS

## Office of the Secretary

- 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

- Performs activities as it relates to budgeting, accounting, and 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*

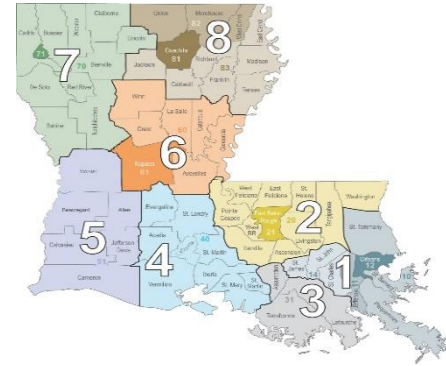


# DEPARTMENT FUNCTIONS

## 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*

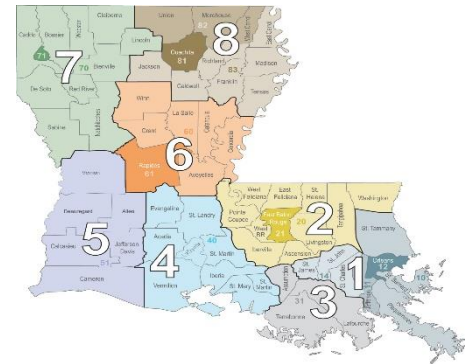


# DEPARTMENT FUNCTIONS

## 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 reducing 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

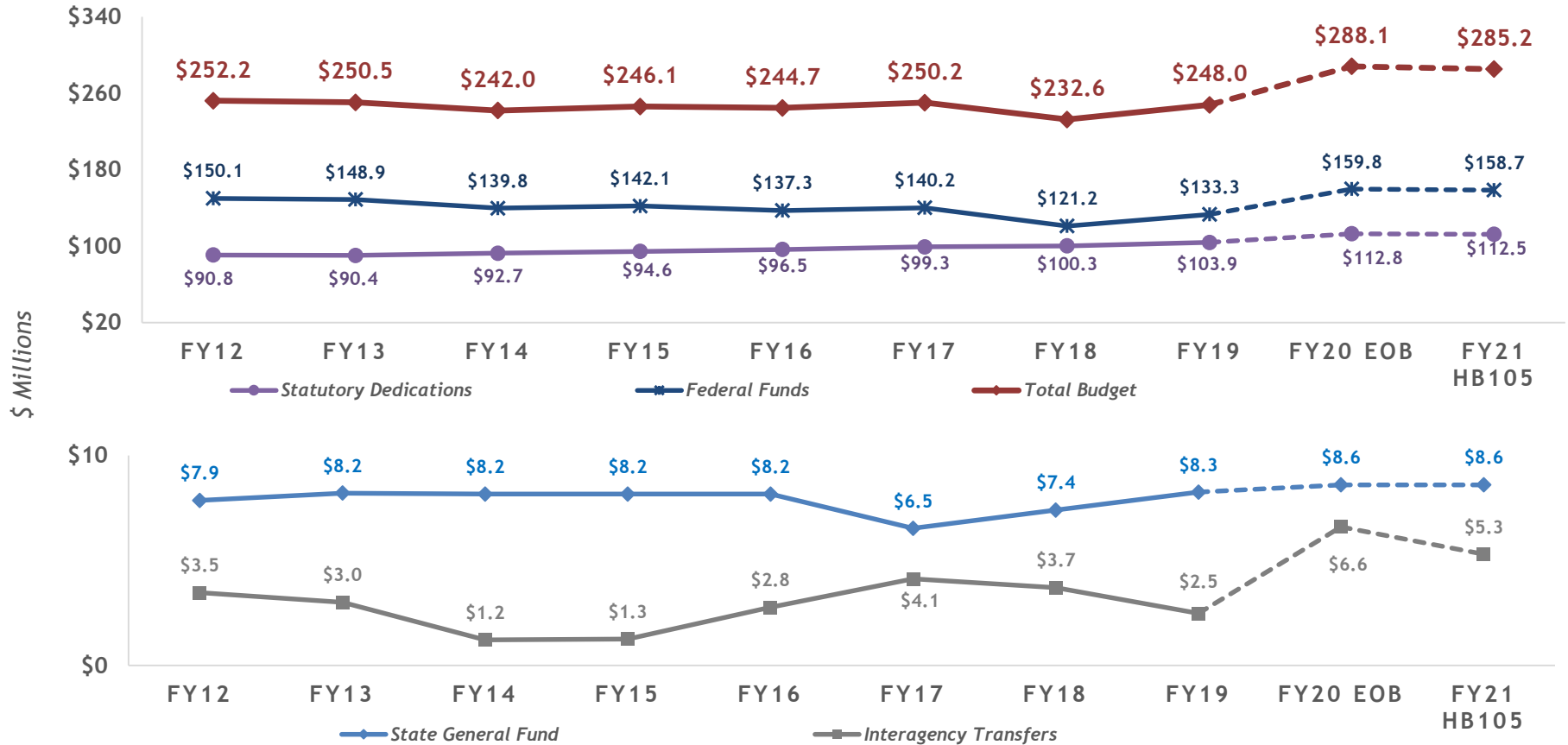
## Office of the 2<sup>nd</sup> Injury Board

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



# HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents; and HB105 of the 2020 Regular Session

# SOURCES OF FUNDING

## Interagency Transfers \$5.3M

IAT are from the Department of Children and Family Services for the Louisiana Job Employment and Training Program (LaJET) and the Jobs for America's Graduates (JAG) activity.

## Self-generated Revenue \$72,219

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

## Statutory Dedications \$112.5M

There are six statutory dedications within the Louisiana Workforce Commission:

Workers' Compensation Second Injury Fund  
\$60.6M

Incumbent Worker Training Account  
\$25.8M

Office of Workers' Compensation Administrative Fund  
\$17M

Penalty and Interest Account  
\$4.5M

Employment Security Administration  
\$4.0M

Blind Vendors Trust Funds  
\$547K

## Federal Funds \$158.7M

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 CHANGE COMPARISON

| Means of Finance | FY 18-19<br>Actual<br>Expenditures | FY 19-20<br>Existing Operating<br>Budget | FY 20-21<br>HB105<br>Budget | Change from EOB      |               | Change from Actuals |              |
|------------------|------------------------------------|--|-----------------------------|----------------------|---------------|---------------------|--------------|
|                  |                                    |  |                             | \$                   | %             | \$                  | %            |
| SGF              | \$8,252,219                        | \$8,595,933                              | \$8,595,933                 | \$0                  | 0.0%          | \$343,714           | 4.2%         |
| IAT              | \$2,479,186                        | \$6,603,143                              | \$5,299,209                 | (\$1,303,934)        | (19.7%)       | \$2,820,023         | 113.7%       |
| FSGR             | \$2,250                            | \$272,219                                | \$72,219                    | (\$200,000)          | (73.5%)       | \$69,969            | 3,109.7%     |
| STAT DED         | \$103,888,067                      | \$112,822,909                            | \$112,523,758               | (\$299,151)          | (0.3%)        | \$8,635,691         | 8.3%         |
| FEDERAL          | \$133,330,828                      | \$159,788,188                            | \$158,678,725               | (\$1,109,463)        | (0.7%)        | \$25,347,897        | 19.0%        |
| <b>Total</b>     | <b>\$247,952,550</b>               | <b>\$288,082,392</b>                     | <b>\$285,169,844</b>        | <b>(\$2,912,548)</b> | <b>(1.0%)</b> | <b>\$37,217,294</b> | <b>15.0%</b> |

## Significant Changes from EOB



### \$1.3M IAT

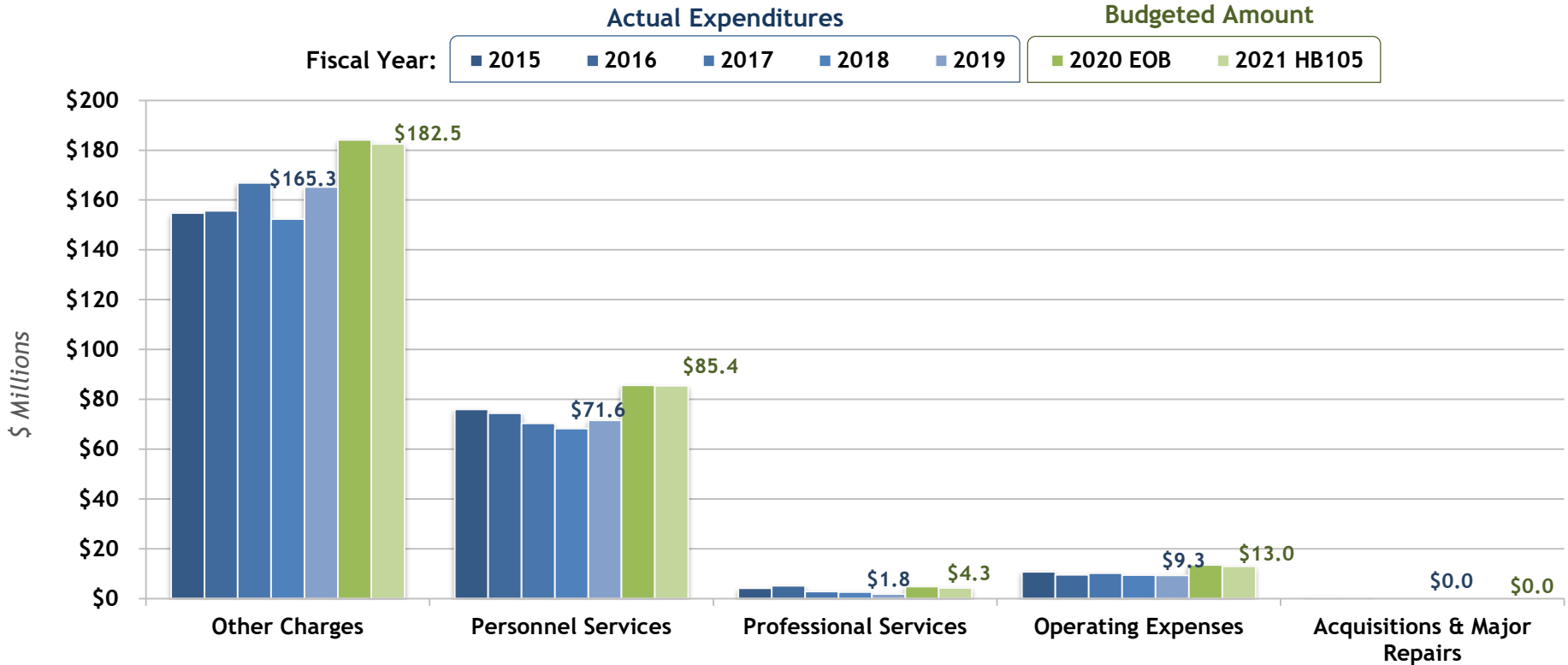
Net reduction due to fund being transferred back to the Department of Family and Children Services. Increase in the Office of Workforce Development from Temporary Assistance for Needy Families (TANF) funding to annualize contract increase in FY 20 for the Jobs for American Graduates (JAG) activity.



### \$1.1M Federal Funds

Net reduction in Federal Funds to adjust the commission's budget authority as a result of reduced programs' operational costs.

# EXPENDITURE HISTORY



Source: Office of Planning and Budget - Executive and Proposed Budget Supporting Documents

# EXPENDITURE CHANGE COMPARISON

| Expenditure Category  | FY 18-19<br>Actual<br>Expenditures | FY 19-20<br>Existing Operating<br>Budget | FY 20-21<br>HB105<br>Budget | Change from EOB      |               | Change from Actuals |              |
|-----------------------|------------------------------------|--|-----------------------------|----------------------|---------------|---------------------|--------------|
|                       |                                    |  |                             | \$                   | %             | \$                  | %            |
| Salaries              | \$40,158,683                       | \$48,318,625                             | \$48,242,732                | (\$75,893)           | (0.2%)        | \$8,084,049         | 20.1%        |
| Other Compensation    | \$3,018,729                        | \$2,791,339                              | \$2,791,339                 | \$0                  | 0.0%          | (\$227,390)         | (7.5%)       |
| Related Benefits      | \$28,375,939                       | \$34,525,686                             | \$34,384,689                | (\$140,997)          | (0.4%)        | \$6,008,750         | 21.2%        |
| Travel                | \$841,947                          | \$955,165                                | \$940,165                   | (\$15,000)           | (1.6%)        | \$98,218            | 11.7%        |
| Operating Services    | \$8,168,395                        | \$11,641,589                             | \$11,172,289                | (\$469,300)          | (4.0%)        | \$3,003,894         | 36.8%        |
| Supplies              | \$291,993                          | \$946,734                                | \$881,734                   | (\$65,000)           | (6.9%)        | \$589,741           | 202.0%       |
| Professional Services | \$1,825,270                        | \$4,765,410                              | \$4,265,410                 | (\$500,000)          | (10.5%)       | \$2,440,140         | 133.7%       |
| Other Charges         | \$165,271,594                      | \$184,137,844                            | \$182,491,486               | (\$1,646,358)        | (0.9%)        | \$17,219,892        | 10.4%        |
| Acq/Major Repairs     | \$0                                | \$0                                      | \$0                         | \$0                  | 0.0%          | \$0                 | 0.0%         |
| <b>Total</b>          | <b>\$247,952,550</b>               | <b>\$288,082,392</b>                     | <b>\$285,169,844</b>        | <b>(\$2,912,548)</b> | <b>(1.0%)</b> | <b>\$37,217,294</b> | <b>15.0%</b> |

Source: Office of Planning and Budget - Budget Supporting Documents and HB105 of the 2020 Regular Session

# SIGNIFICANT EXPENDITURE CHANGES

## **(\$766,190) - Personnel Services/Operating Services/Supplies**

**(\$75,893)**

Net reduction in Salaries due to attrition adjustments, personnel reductions (9) offset by increase in salary base adjustments, and market rate increase.

**(\$140,997)**

Net reduction due to attrition adjustments, personnel reductions, retirement rate adjustments offset by increase in related benefits base adjustment, group insurance rate adjustments for retirees and active employees.

**(\$549,300)**

Reduction in Operating Services due to reduced banking service fees, postage fees, out of state travel due to less conference attendance.

## **(\$2.1M) - Professional Services/ Other Charges/ Other Charges Interagency Transfers**

**(\$500,000)**

Reduction in Professional Services contracts associated with human resources, recruiting and temporary staffing services as well as contracts related to multimedia campaign.

**(\$3,183,934)**

Reduction due to terminated leases and activities related to moving into LWC main office building, reduced contractual services for the pass through grants to local agencies for workforce training and education, reduced computer supplies, reduced spending on vehicle supplies, repairs and maintenance, reduced costs for the data processing licensing software.

**\$1,537,576**

Net increase in Other Charges Interagency Transfers largely due to increase costs of \$1.6M to the Office Technology Services.

# OTHER CHARGES DETAIL

| 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.  |
| \$49,253,481  | Pass through grants to local agencies for workforce training and education.   |
| \$25,059,768  | Vocational Rehabilitation Services provided per Section 110 of the Vocational Rehabilitation Act.   |
| \$25,818,922  | Training grants to assist clients in acquiring and enhancing job skills in the Incumbent Worker Training Programs.  |
| \$15,437,301  | Various Interagency Transfers which includes the Office of Technology Services, Office of Telecommunications, Risk Management, and Legislative Auditor, Independent Living Part B Council in the Governor's Office of Disability Affairs, Louisiana Military Department, Office of the Governor Children Cabinet. |
| \$5,499,209   | Jobs for American Graduates (JAG) administration and grants to local agencies.  |
| \$1,674,447   | 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.  |
| \$1,459,249   | Continued redesign of the Help Individuals Reach Employment (HIRE)- additional improvements, business continuity and third party escrow.  |
| \$182,491,486 | <b>Total Other Charges</b>  |



# FY19 UNSPENT AUTHORITY

|                   | End of Fiscal Year<br>Budget | Actual Amount<br>Spent | Unspent Budget<br>Authority | Unspent<br>Budget % | Unspent % by<br>MOF |
|-------------------|------------------------------|------------------------|-----------------------------|---------------------|---------------------|
| SGF               | \$8,252,219                  | \$8,252,219            | \$0                         | 0.0%                | 0.0%                |
| IAT               | \$4,559,450                  | \$2,479,186            | \$2,080,264                 | 45.6%               | 5.2%                |
| FSGR              | \$272,219                    | \$2,250                | \$269,969                   | 99.2%               | 0.7%                |
| STAT DED          | \$111,288,610                | \$103,888,067          | \$7,400,543                 | 6.6%                | 18.4%               |
| FEDERAL           | \$163,900,640                | \$133,330,828          | \$30,569,812                | 18.7%               | 75.8%               |
| <b>FY19 TOTAL</b> | <b>\$288,273,138</b>         | <b>\$247,952,550</b>   | <b>\$40,320,588</b>         | <b>14.0%</b>        | <b>100.0%</b>       |

## Historical Total Unspent Authority for Comparison

|            |               |               |              |       |
|------------|---------------|---------------|--------------|-------|
| FY18 TOTAL | \$290,488,041 | \$232,616,780 | \$57,871,261 | 19.9% |
| FY17 TOTAL | \$283,015,571 | \$250,201,174 | \$32,814,397 | 11.6% |
| 3 YR AVG   | \$287,258,917 | \$243,590,168 | \$43,668,749 | 15.2% |

In FY 19, the Louisiana Workforce Commission collected \$39.6M less than budgeted and spent \$1.6M less than collected.

# FY19 UNSPENT AUTHORITY

## Did department collect all revenue budgeted?

|              | Final Budget<br>(w/o carryforward) | Actual<br>Revenue<br>Collections | Uncollected<br>Revenue |
|--------------|------------------------------------|----------------------------------|------------------------|
| SGF          | \$8,252,219                        | \$8,252,219                      | \$0                    |
| IAT          | \$4,559,450                        | \$2,479,186                      | (\$2,080,264)          |
| FSGR         | \$272,219                          | \$2,250                          | (\$269,969)            |
| SD           | \$111,288,610                      | \$105,466,641                    | (\$5,821,969)          |
| FED          | \$163,900,640                      | \$132,482,044                    | (\$31,418,596)         |
| <b>TOTAL</b> | <b>\$288,273,138</b>               | <b>\$248,682,340</b>             | <b>(\$39,590,798)</b>  |

The department collected \$39.6M less than the FY19 budget. The majority of excess budget authority over collections was in federal funds, statutory dedications (Incumbent Worker Training Account and Office of Worker's Compensation Administration Fund), and interagency transfers.

## Did department spend all collections?

|              | Actual Revenue<br>Collections | Actual<br>Expenditures | Unspent<br>Revenue |
|--------------|-------------------------------|------------------------|--------------------|
| SGF          | \$8,252,219                   | \$8,252,219            | \$0                |
| IAT          | \$2,479,186                   | \$2,479,186            | \$0                |
| FSGR         | \$2,250                       | \$2,250                | \$0                |
| SD           | \$105,466,641                 | \$103,888,067          | (\$1,578,574)      |
| FED          | \$132,482,044                 | \$133,330,828          | \$848,784          |
| <b>TOTAL</b> | <b>\$248,682,340</b>          | <b>\$247,952,550</b>   | <b>(\$729,790)</b> |

The department spent \$4.4M less than they collected in Workers' Compensation Administration Fund and the Penalty and Interest Account. However, they spent \$2.8M more than collected mainly in the Incumbent Worker Training Account and the Workers' Compensation Second Injury Fund by using fund balance.

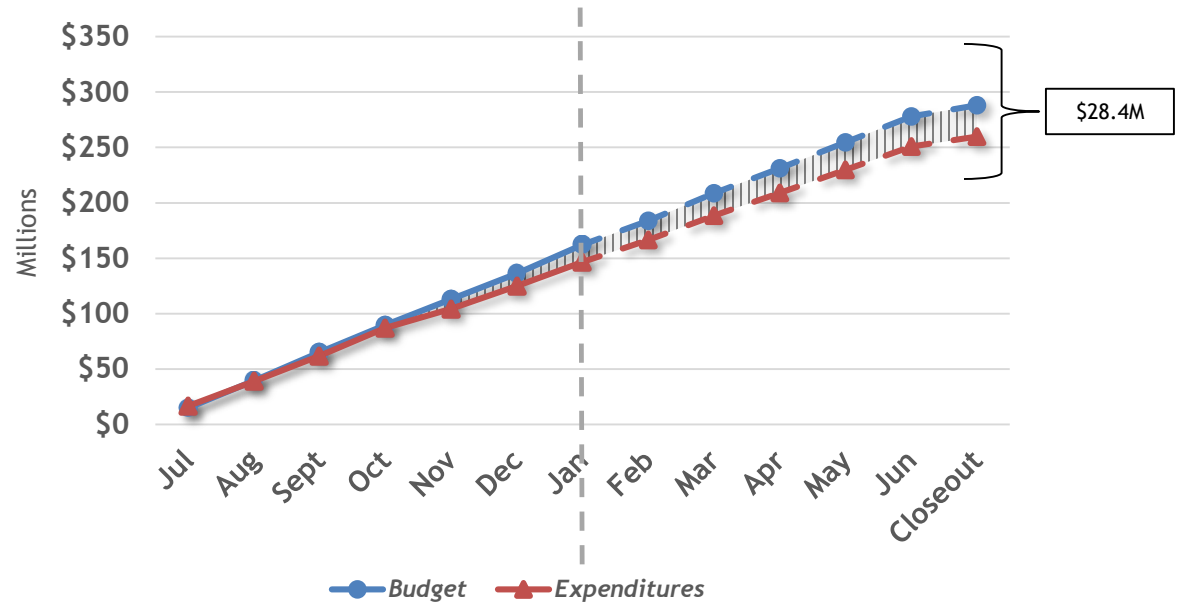
# FY 19 UNSPENT AUTHORITY IN STATUTORY DEDICATIONS

| FY 19   | Final Budget<br>(w/o carryforward) | Actual Revenue<br>Collections | Uncollected<br>Revenue |
|---|------------------------------------|-------------------------------|------------------------|
| Blind Vendors Trust Fund                            | \$ 728,414                         | \$ 385,268                    | \$ (343,146)           |
| Employment Security Administration Account          | \$ 4,000,000                       | \$ 3,877,834                  | \$ (122,166)           |
| Incumbent Worker Training Account                   | \$ 25,647,123                      | \$ 20,225,154                 | \$ (5,421,969)         |
| Office of Worker's Compensation Administration Fund | \$ 17,193,992                      | \$ 15,262,301                 | \$ (1,931,691)         |
| Penalty and Interest Account                        | \$ 3,254,029                       | \$ 6,597,815                  | \$ 3,343,786           |
| Workers' Compensation Second Injury Fund            | \$ 60,465,052                      | \$ 59,118,269                 | \$ (1,346,783)         |
| <b>Total</b>  | <b>\$ 111,288,610</b>              | <b>\$ 105,466,641</b>         | <b>\$ (5,821,969)</b>  |
|   |                                    |                               |                        |
| FY 19   | Actual Revenue<br>Collections      | FY19 Actual<br>Expenditures   | Unspent<br>Revenue     |
| Blind Vendors Trust Fund                            | \$ 385,268                         | \$ 410,771                    | \$ 25,503              |
| Employment Security Administration Account          | \$ 3,877,834                       | \$ 3,982,464                  | \$ 104,630             |
| Incumbent Worker Training Account                   | \$ 20,225,154                      | \$ 21,594,504                 | \$ 1,369,350           |
| Office of Worker's Compensation Administration Fund | \$ 15,262,301                      | \$ 14,205,075                 | \$ (1,057,226)         |
| Penalty and Interest Account                        | \$ 6,597,815                       | \$ 3,253,777                  | \$ (3,344,038)         |
| Workers' Compensation Second Injury Fund            | \$ 59,118,269                      | \$ 60,441,476                 | \$ 1,323,207           |
| <b>Total</b>  | <b>\$ 105,466,641</b>              | <b>\$ 103,888,067</b>         | <b>\$ (1,578,574)</b>  |

# CURRENT EXPENDITURE TREND

Analysis shows approximately 10% or \$28.4M in total budget authority (\$288.1M Budgeted - \$259.7M Expended) from all means of finance could be unspent at year-end based on actual spending through January and projections to the end of the year.

For FY19, HFD projected the department would have \$48.8M in remaining budget authority, when they actually had \$40.3M authority left at year end. Furthermore, HFD projected that the department would spend \$239.5M when in actuality, they spent \$247.9M. This is a \$8.5M difference with a percent difference of 3.5% mainly in related benefits, other charges and interagency transfers.

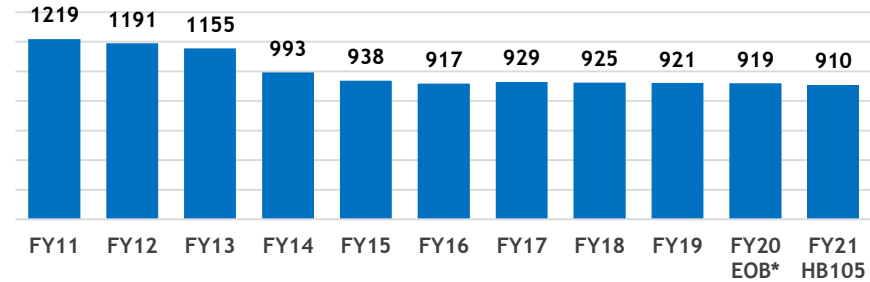


# PERSONNEL INFORMATION

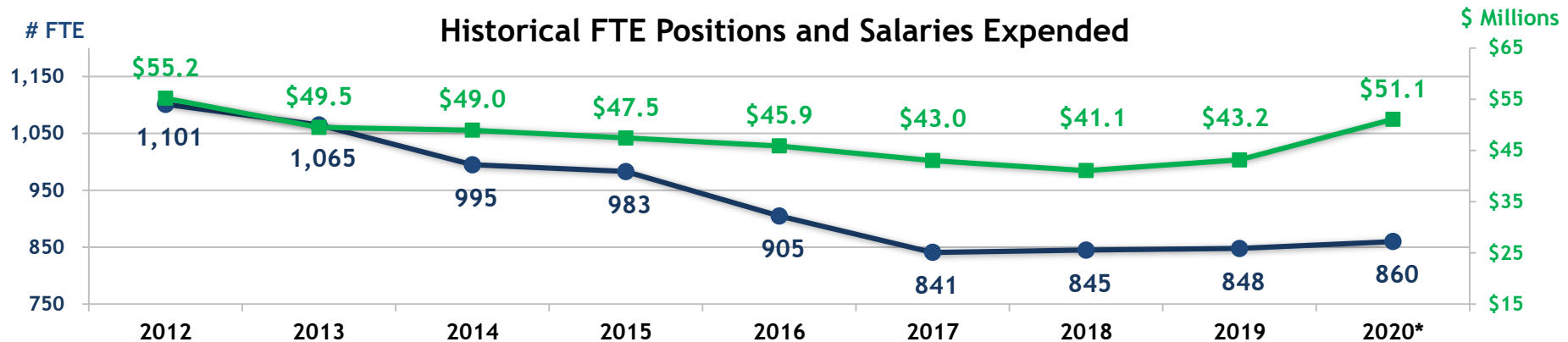
## FY 2021 Recommended Positions

|     |  |
|-----|--|
| 910 | Total Authorized T.O. Positions<br>(898 Classified, 12 Unclassified) |
| 0   | Authorized Other Charges Positions                                   |
| 141 | Non-T.O. FTE Positions   |
| 132 | Vacant Positions (February 3, 2020)                                  |

## Historical Authorized T.O. Positions



## Historical FTE Positions and Salaries Expended



# LOUISIANA REHABILITATIVE SERVICES

|   |                     |                     |                    |
|---|---------------------|---------------------|--------------------|
| State General Fund                      | \$7,995,933         | \$7,995,933         | \$0                |
| Federal Match<br>(\$3.69 for every \$1) | \$29,504,993        | \$29,504,993        | \$0                |
| Interagency Transfer                    | \$0                 | \$0                 | \$0                |
| Federal Match<br>(\$3.69 for every \$1) | \$0                 | \$0                 | \$0                |
| Donations Utilized as Match             | \$272,219           | \$72,219            | (\$200,000)        |
| Federal Match<br>(\$3.69 for every \$1) | \$1,004,488         | \$266,488           | (\$738,000)        |
| <b>Total State Effort</b>               | <b>\$8,268,152</b>  | <b>\$8,068,152</b>  | <b>(\$200,000)</b> |
| <b>Total Federal Match</b>              | <b>\$30,509,481</b> | <b>\$29,771,481</b> | <b>(\$738,000)</b> |

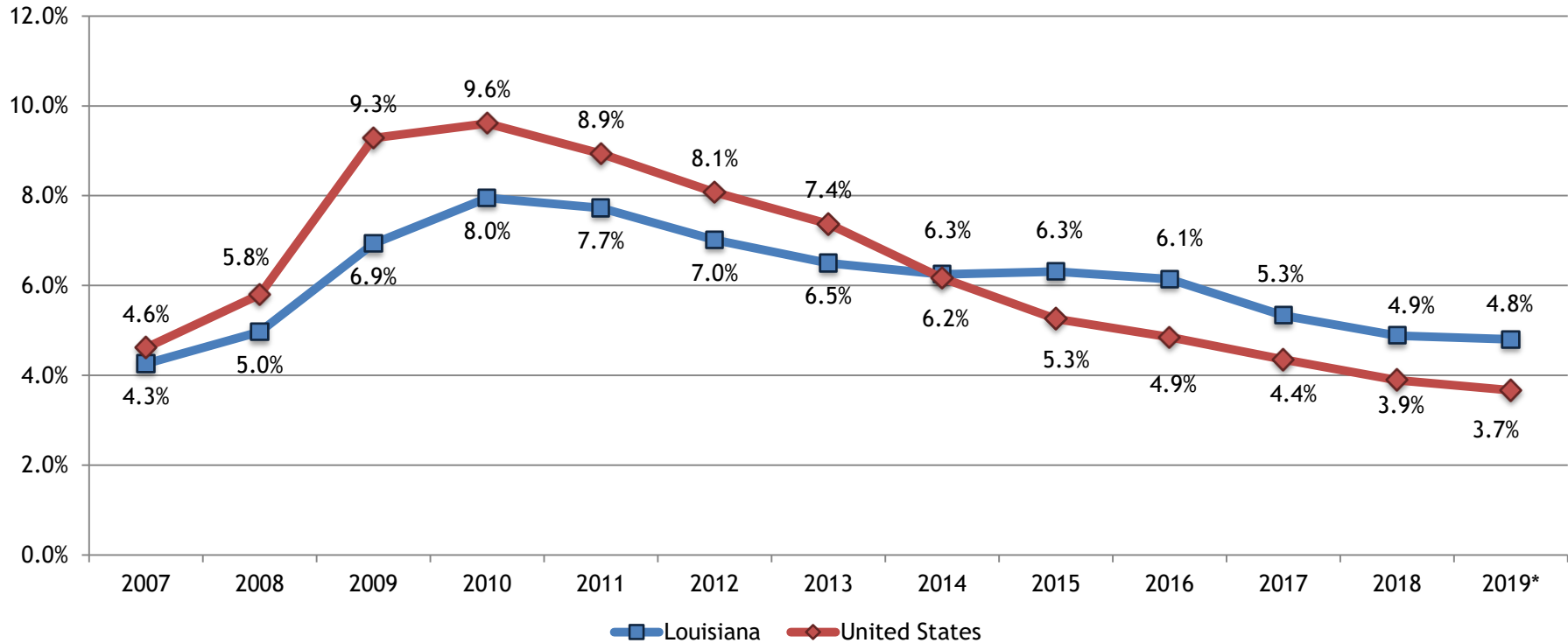
The Louisiana Rehabilitative Services (LRS) Program provides services to those who are disabled in finding and maintaining employment, as well as living independently in their community.

In compliance with 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.

# UNEMPLOYMENT RATES



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

Annual Average

# DEPARTMENT CONTACTS



**Ava Dejoie**  
*Secretary*  
225.342.3110



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225.342.3110

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