



Karl Covillon

FY16 Executive Budget

Schedule 14 Louisiana Workforce Commission



**Louisiana Senate
Finance Committee**
May 4, 2015

FY16 Executive Budget

Schedule 14 — LWC Agencies

- 14-474 Workforce Support and Training
 - 474-1000 Office of the Executive Director Program
 - The Office of the Executive Director provides leadership and management of all departmental programs, communicates departmental direction, ensures the quality of services provided, and fosters better relations with all stakeholders, thereby increasing awareness and use of departmental services.
 - 474-7000 Office of Management and Finance Program
 - The Office of Management and Finance develops, promotes, and implements the policies and mandates, and provides technical and administrative support, necessary to fulfill the vision and mission of the Louisiana Workforce Commission (LWC) in serving its customers.
 - 474-8000 Office of Information Systems Program
 - The Office of Information Systems provides timely and accurate labor market information, and provides information technology services to the Louisiana Workforce Commission (LWC), its customers, and stakeholders.
 - 474-4000 Office of Workforce Development Program
 - The Office of Workforce Development provides high quality employment, training services, supportive services, and other employment related services to businesses and job seekers to develop a diversely skilled workforce with access to good paying jobs and supports and protects the rights and interests of Louisiana's workers through the administration and enforcement of state worker protection statutes and regulations.

FY16 Executive Budget

Schedule 14 — LWC Agencies

- 14-474 Workforce Support and Training — Continued
 - 474-3000 Office of Unemployment Insurance Administration Program
 - The Office of Unemployment Insurance Administration promotes a stable, growth-oriented Louisiana through the administration of a solvent and secure Unemployment Insurance Trust Fund, which is supported by employer taxes.
 - 474-2000 Office of Workers Compensation Administration Program
 - The Office of Worker's Compensation Administration establishes standards of payment, utilizes and reviews procedures of injured worker claims, and receives, processes, hears, and resolves legal actions in compliance with state statutes.
 - 474-10A0 Office of the 2nd Injury Board Program
 - The Office of the 2nd Injury Board encourages the employment of workers with permanent conditions that would be an obstacle to employment or reemployment, by reimbursing the employer, or if insured, their insurer for the costs of workers' compensation benefits when such a worker sustains a subsequent job related injury.

Audit Findings

Louisiana Workforce Commission

INADEQUATE SUBRECIPIENT MONITORING FOR WORKFORCE INVESTMENT ACT CLUSTER

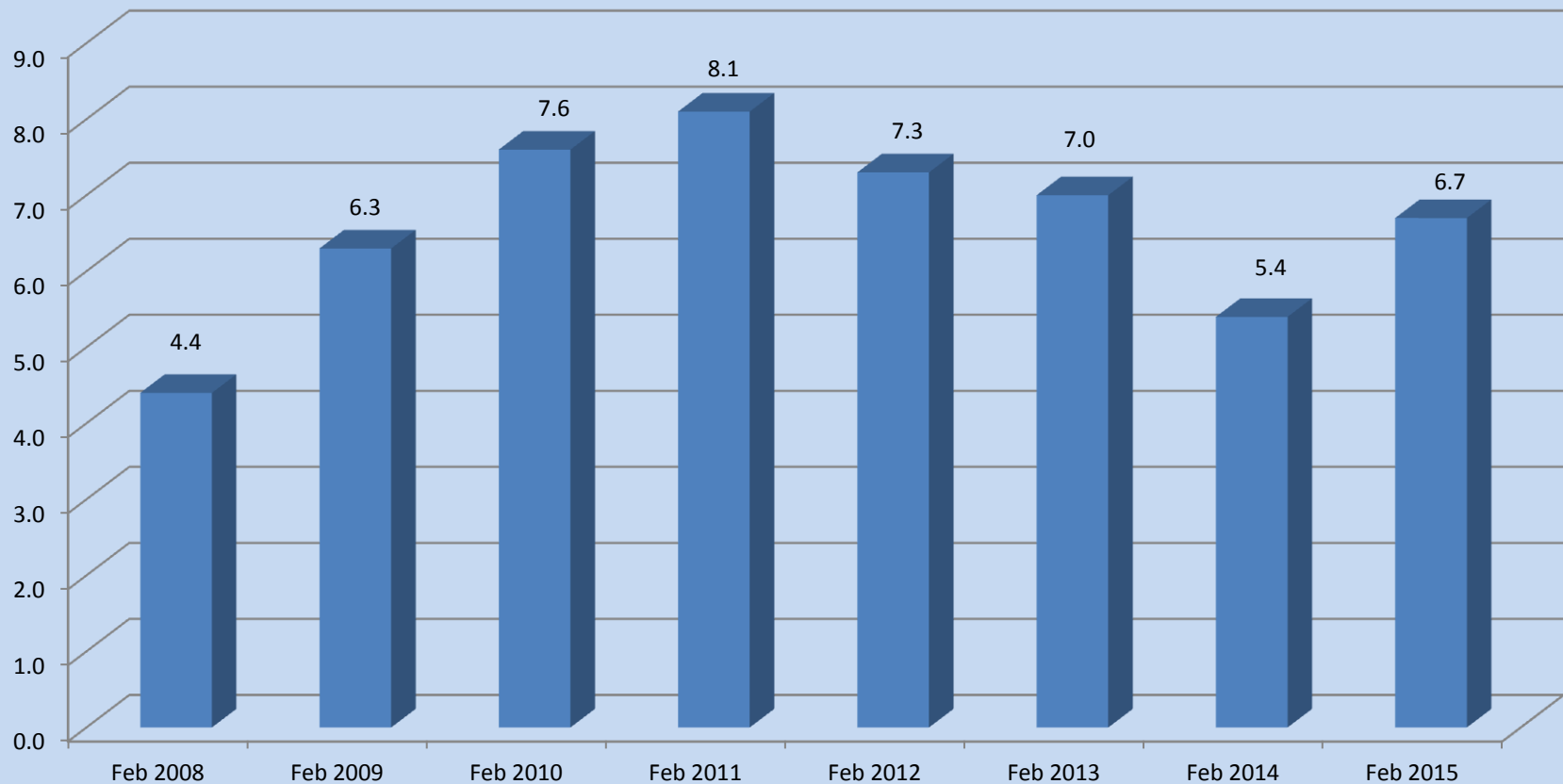
• NOVEMBER 26, 2014

For the third consecutive year, the Louisiana Workforce Commission (LWC) did not complete desk reviews or on-site monitoring reviews for any of the 18 sub-recipients of the Workforce Investment Act (WIA) Cluster program. Failure to timely complete monitoring reviews impairs LWC's ability to ensure that program funds passed through to its sub-recipients are spent in accordance with program regulations and increases the risk of improper payments that the state may have to repay to the federal government. WIA program expenditures totaled \$33 million during fiscal year 2014. Of this amount, approximately \$31 million was provided to sub-recipients who were not adequately monitored.

FY16 Executive Budget

Schedule 14 — Departmental Statistics

Louisiana Percentage Unemployment Rate - 2008 to 2015

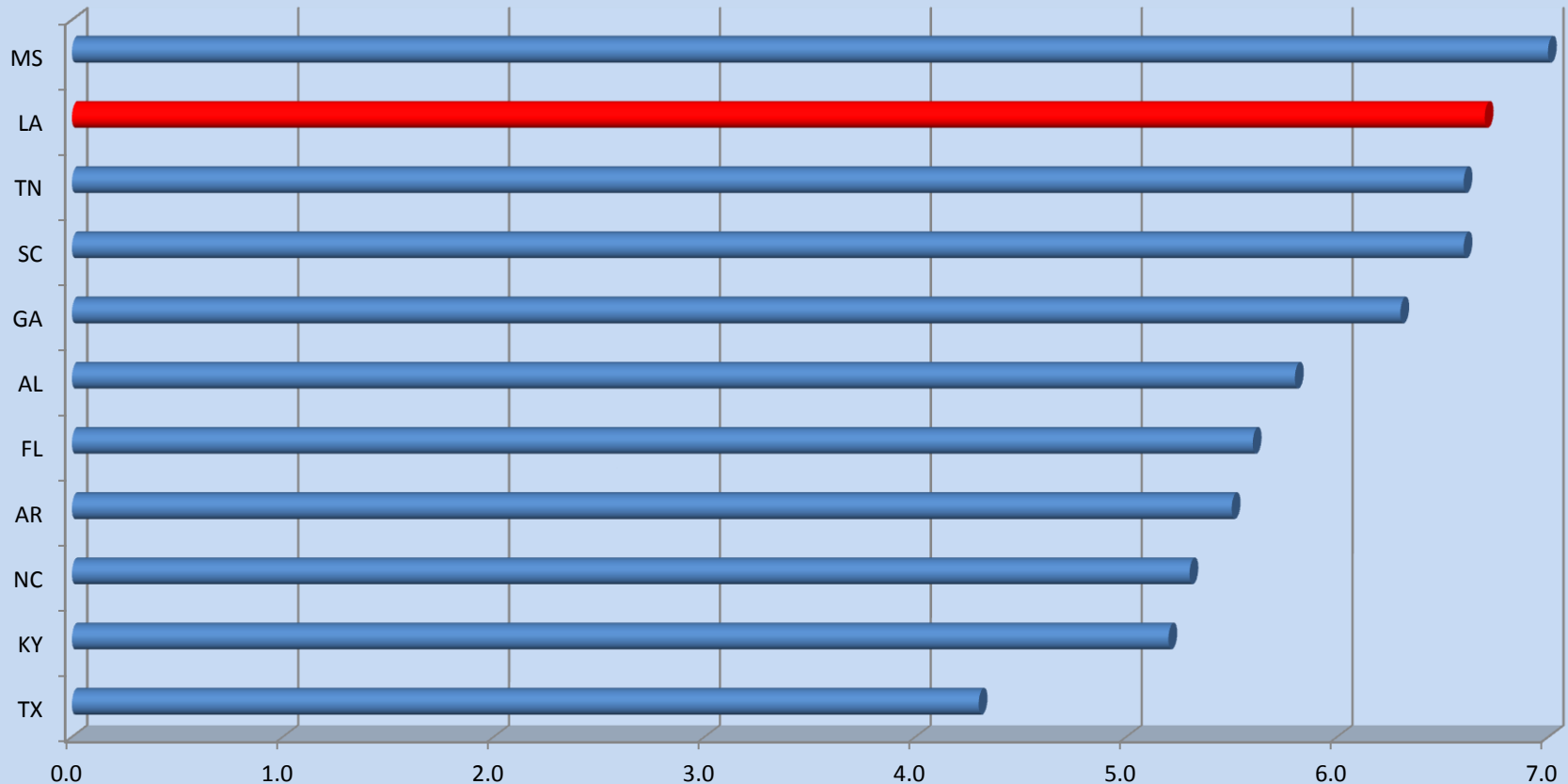


Source: Bureau of Labor Statistics

FY16 Executive Budget

Schedule 14 — Departmental Statistics

February 2015 Percentage Unemployment Rate - Southeast U.S. Region



Source: Bureau of Labor Statistics

Workforce Commission

FY15 Existing Operating Budget vs. Proposed FY16 Budget

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	<i>Difference</i>
LWC	\$ 284,769,543	\$ 286,902,058	\$ 2,132,515
Total Positions	952	916	(36)
<u>Other Charges Positions:</u>			

FY16 Non-Discretionary Funding

Total Non-Disc.: \$10,264,097

Percent Non-Disc: 3.6%

Total Non-Disc. SGF: \$0

Non-Disc. T.O.: 0

FY16 Discretionary Funding

Total Discretionary: \$276,637,961

Percent Discretionary: 96.4%

Total Discretionary SGF: \$8,163,120

Discretionary T.O.: 916

Workforce Commission

Non-Discretionary/Discretionary Funding by Agency

Non-Discretionary Funding:

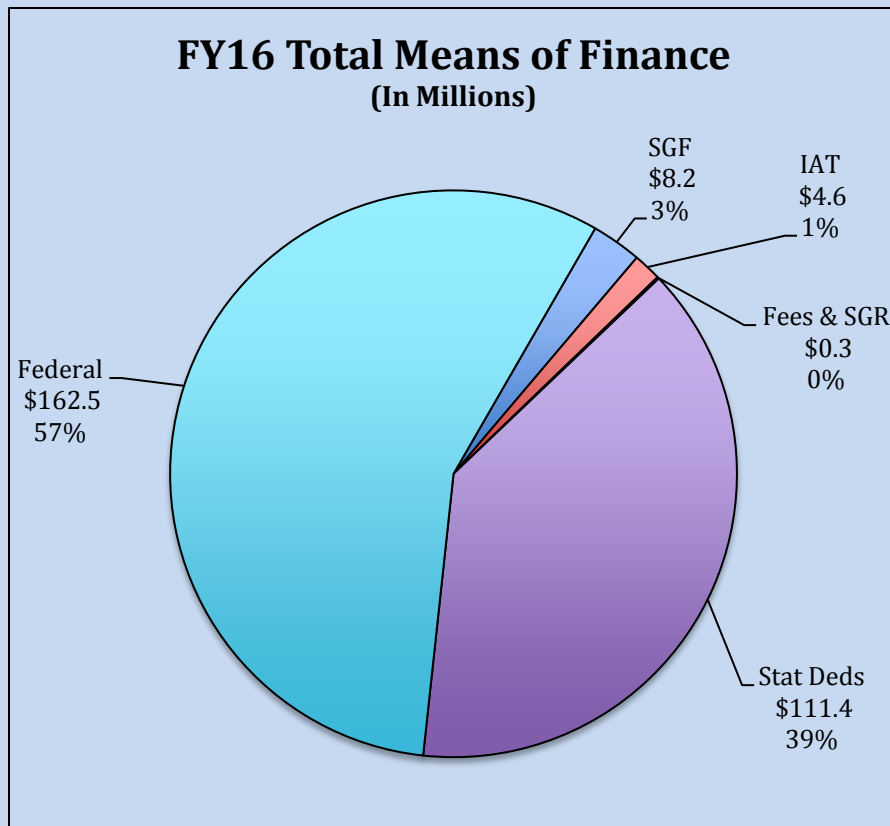
\$0.7m. — Executive Director
\$9.6 m. — Management & Finance
\$0 — Information Systems
\$0 — Workforce Development
\$0 — Unemployment Insurance
Administration
\$0 — Workers Compensation
Administration
\$0 — 2nd Injury Board

Non-Discretionary funding is used for rent in state owned buildings, group insurance for retirees and Legislative Auditor fees.

Discretionary Funding:

\$3.5 m. — Executive Director
\$8.5 m. — Management & Finance
\$17 m. — Information Systems
\$144.1 m. — Workforce Development
\$30.2 m. — Unemployment Insurance
Administration
\$14.1 m. — Workers Compensation
Administration
\$59.3 m. — 2nd Injury Board

FY16 LWC Means of Finance



Major Non-SGF Sources of Funding:

Non-SGF funding sources for the Louisiana Workforce Commission include Interagency Transfers, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds.

Interagency Transfers are derived from DCFS for the Louisiana Employment Assistance Program (LEAP) and the Strategies to Empower People Program (STEP).

Statutory Dedications, which make up thirty-nine percent of the department's budget, are derived from the Workers' Compensation 2nd Injury Fund, Incumbent Worker Training Account, Office of Workers' Compensation Administration Fund, Employment Security Administration Account, Penalty and Interest Account, and the Blind Vendors Trust Fund.

Federal Funds, which make up fifty-seven percent of the department's funding, are derived from Employment Security Grants, Employment Security Administration Account, Workforce Investment Act, Federal Reed Act, and the Employment and Training Grants.

FY15 Existing Operating Budget vs. FY16 Recommended

Schedule 14 LWC — Total Expenditures

Expenditure Category	FY15 Existing Operating Budget	FY16 Recommended Budget	Difference
Personal Services	\$78,348,806	\$76,461,657	(\$1,887,149)
Operating Expenses	\$16,024,778	\$15,593,870	(\$430,908)
Professional Services	\$15,019,872	\$9,544,241	(\$5,475,631)
Other Charges	\$174,129,862	\$185,302,290	\$11,172,428
Acquisitions & Major Repairs	\$1,246,225	\$0	(\$1,246,225)
Total Expenditures	\$284,769,543	\$286,902,058	\$2,132,515

FY16 Workforce Commission

Selected Standard Statewide Adjustments

Annualization of FY15 Mid-Year Reduction Plan — (\$0) SGF and (13) T.O.

Performance/Salary Adjustments:

\$633,648 Total — Annualize Classified State Employees Performance Adjustment

\$2.6 million Total — Salary Base Adjustment

(\$1.3 million) SGF — Attrition Adjustment

Retirement Adjustments:

\$103,873 Total — La. State Employees' Retirement System Rate

\$453,566 Total — La. State Employees' Retirement System Base

Group Insurance Adjustments (tied to OGB rate increase):

\$531,150 Total — Group Insurance Rate Adjustment for Active Employees

\$864,500 Total — Group Insurance Rate Adjustment for Retirees

Other:

\$0 — Acquisitions and Major Repairs

(\$23,619) Total — Risk Management

\$150,620 Total — Office of Technology Services

\$0 — GEMS Savings (procurement)

(\$456,579) SGF and (21) T.O. — Office of State Human Capital

FY16 Executive Budget

Schedule 14 — Significant Budget Issues

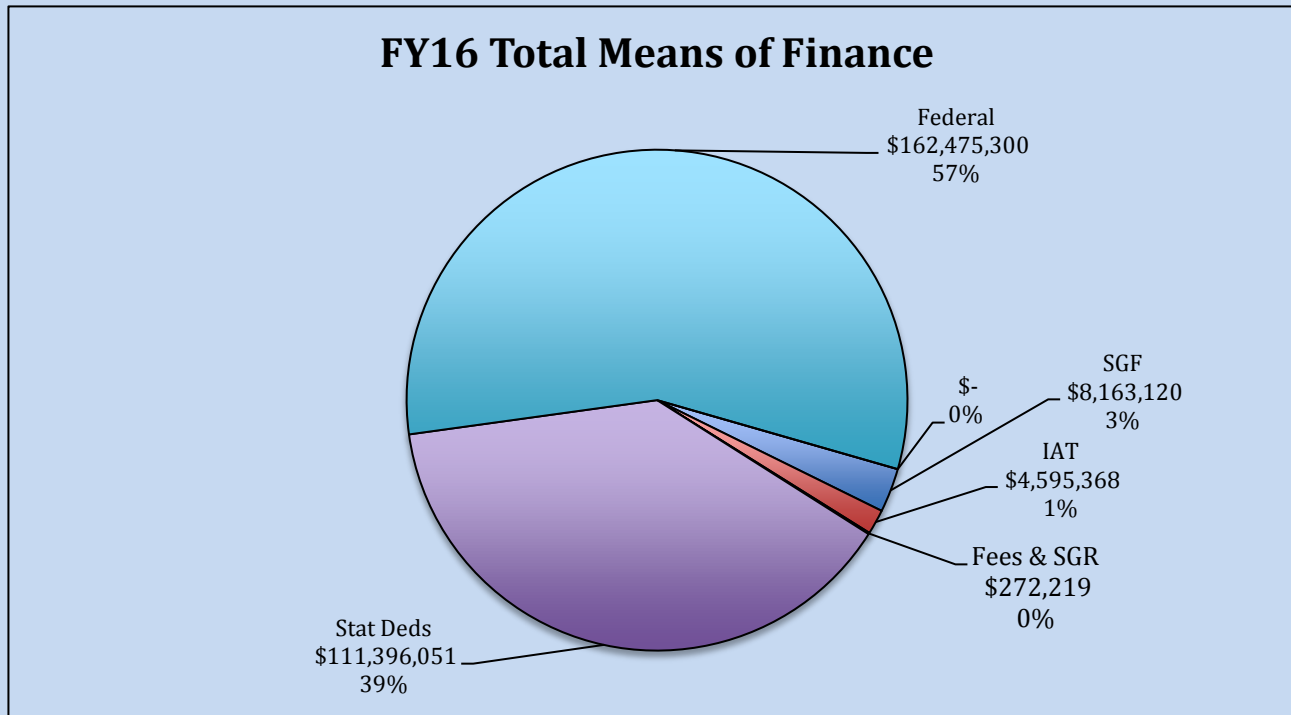
- Increase of \$10 million in Statutory Dedications out of the Workers' Compensation 2nd Injury Fund for the Office of the 2nd Injury Board for payment of pending workers' compensation claims.
- Increase of \$2.5 million in Interagency Transfers for the Office of Workforce Development for TANF funding from the Department of Children and Family Services for implementation of the Strategies to Empower People (STEP) Program.
- Reduction of (\$6.6 million) in Federal Funds to properly align budget authority to reflect revenues and expenditures.
- Reduction of (\$4.4 million) in Federal Funds is non-recurred for a carryforward BA-7 from the Geographic Solutions Project contract for the Helping Individuals Reach Employment (HIRE) Program.
- Reduction of (36) T.O. FTE positions – 22 positions will be transferred to the Office of State Human Capital Management and the Office of State Procurement for statewide consolidation, and 14 vacant positions are being eliminated from the budget.

LWC

14-474 Workforce Support and Training

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
Workforce	\$ 284,769,543	\$ 286,902,058	\$ 2,132,515

Total Positions	952	916	(36)
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FY16 Non-Discretionary	FY16 Discretionary
\$10,264,097	\$276,637,961