



Louisiana Senate Finance Committee



FY20 Proposed Budget

14 – Louisiana Workforce Commission

April 2019

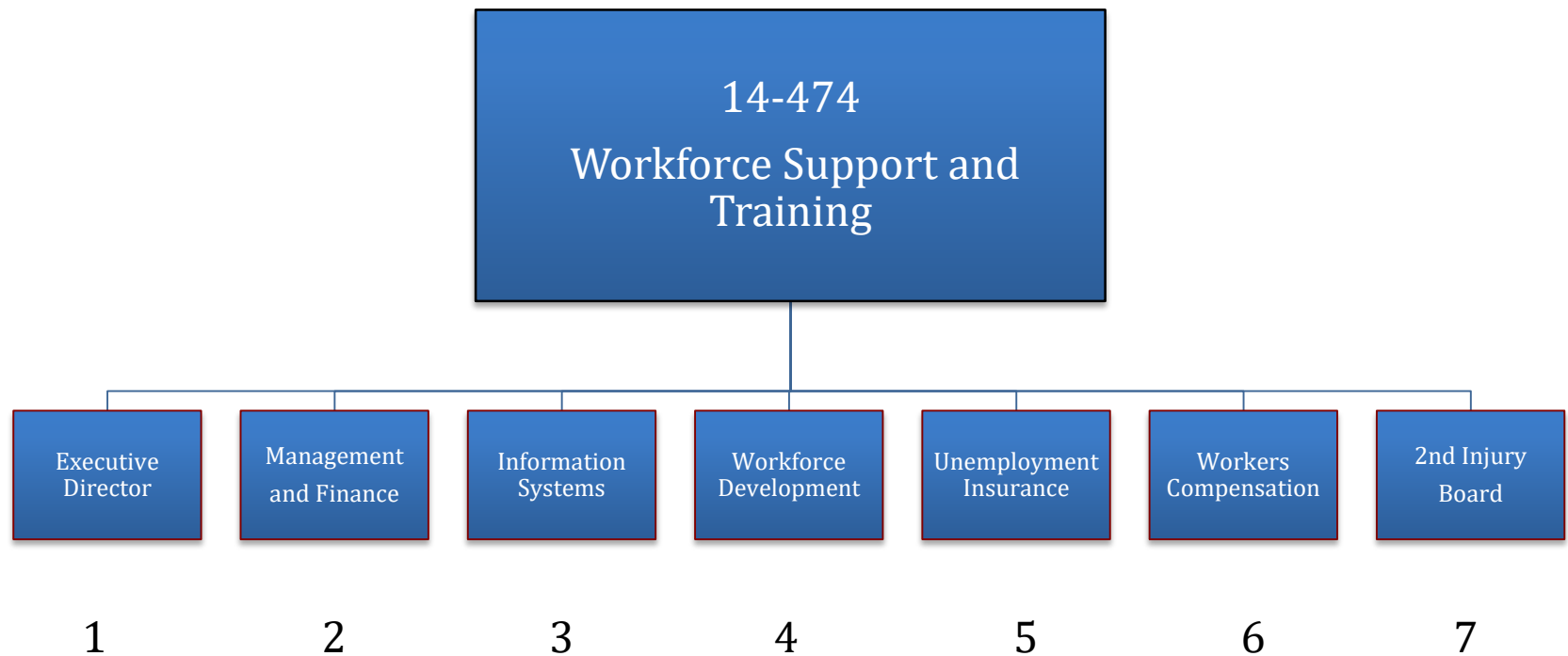
Sen. John A. Alario, President
Sen. Eric LaFleur, Chairman



FY20 Proposed Budget

Schedule 14 — Workforce Commission Agencies

Departmental mission — “The mission of the Louisiana Workforce Commission (LWC) is utilizing state, federal, and private resources to provide the training, employment, assistance, and regulatory services to increase employment, and to promote workplace safety and expanded employment opportunities in the State of Louisiana in a climate favorable to business, workers, and job seekers.”





FY20 Proposed Budget

Schedule 14 — Workforce Commission Agencies

1. **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.
2. **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 in serving its customers. The Louisiana Workforce Commission customers include department management, programs and employees, the Division of Administration, various federal and state agencies, local political subdivisions, citizens of Louisiana, and vendors.
3. **The Office of Information Systems** provides timely and accurate labor market information, and provides information technology solutions to the Louisiana Workforce Commission, its customers and stakeholders. It is also the mission of this program to collect and analyze labor market and economic data for dissemination to assist Louisiana and nationwide job seekers, employers, education, training program planners, training program providers, and all other interested persons and organizations in making informed workforce decisions.
4. **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 to support and protect the rights and interests of Louisiana's workers through the administration and enforcement of state worker protection statutes and regulations.

The Office of Workforce Development has ten activities:

- Administration: This activity provides for the administration of various state and federal funds used to provide educational and workforce development opportunities throughout the state.
- Business Services: This activity provides tailored workforce solutions that focus on the unique needs of specific companies, industry sectors, and occupations.



FY20 Proposed Budget

Schedule 14 — Workforce Commission Agencies

The Office of Workforce Development Activities Continued:

- Job Seeker Services: This activity provides job placement and training services to adults, dislocated workers and youth.
- Customized Training: This activity provides funds for Louisiana businesses to partner with Louisiana based training providers to deliver customized training to employees. It aligns training and educational programs with current and future workforce needs as driven by the needs of Louisiana employers. The intent is to increase the workers' skills and prevent the loss of jobs, as well as create new jobs. Additionally, this activity assists in building a diversified portfolio of businesses across multiple industry sectors.
- Community Services Block Grant (CSBG): This activity provides funding to 42 community action agencies in rural and urban throughout the state to assist low-income individuals and families combat poverty related conditions.
- Youth Worker Protection: This activity 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 law, private employment service law and medical exam and drug testing law.
- Vocational Rehabilitation Services for Career Development and Employment: This activity provides professional/quality outcome-based vocational rehabilitation services on a statewide basis to individuals with disabilities who have been determined eligible for the Vocational Rehabilitation Program, with the final goal of successful employment and independence.
- Randolph Sheppard Business Enterprise: This activity 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: This activity 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.



FY20 Proposed Budget

Schedule 14 — Workforce Commission Agencies

5. **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. It is also the mission of this program to pay Unemployment Compensation Benefits to eligible unemployed workers.

The Office of Unemployment Insurance Administration has two activities:

- Unemployment Benefit Payments: This activity pays unemployment benefits to unemployed individuals in accordance with provisions of the Louisiana Employment Security Law. Funds used to pay benefits come from the Unemployment Insurance (UI) Trust fund that is financed by quarterly payroll taxes paid by Louisiana employers. Administrative responsibility includes the determination of monetary entitlement, weekly eligibility, deductible income, and non-monetary eligibility, including disqualifications for voluntary leaving and misconduct discharges. Initial and weekly claims are filed over the Internet or by telephone through the UI Call Center.
- Unemployment Insurance Taxes: This activity registers employers, assigns tax rates, and collects taxes from employers determined to be subject under Louisiana Employment Security Law and liable to pay UI taxes. This is a business tax on an employer's payroll and not a deduction from employee wages. Employers are responsible for submitting quarterly employee payroll data along with the payment of UI taxes. Taxes are deposited into the UI Trust Fund within 3 days of receipt, and are used to pay unemployment compensation to the unemployed. The payroll data is utilized in determining the monetary eligibility of unemployment claims. Compliance audits are conducted to ensure employers are reporting properly, to obtain missing wage data, and to collect delinquent taxes.

6. **The Office of Workers Compensation Administration** establishes standards of payment, utilizes and reviews procedure of injured worker claims, and receives, processes, hears and resolves legal actions in compliance with state statutes. It is also the mission of this office to educate and influence employers and employees in adopting comprehensive safety and health policies, practices and procedures, and to collect fees.



FY20 Proposed Budget

Schedule 14 — Workforce Commission Agencies

The Office of Worker's Compensation Administration *has three activities:*

- **Fraud and Compliance:** *This activity is the enforcement arms of the Office of Workers' Compensation Administration (OWCA). It is charged with investigating fraudulent activity by any party affiliated with the Louisiana Workers' Compensation System, as well as ensuring that all employers within the State comply with their legal duty to be properly secured for workers' compensation coverage. These tasks are completed through the conducting of investigations of any allegations of fraudulent activity received through tips from the public, insurers, employers, law enforcement, or the OWCA Hearings Division, as well as conducting of audits of self-insured employers to ensure proper compliance.*
- **Hearings:** *This activity conducts hearings on claims for benefits, the conversion of entitlement to benefits, or other relief under the Workers' Compensation Act. Disputed claims may be filed by employees, employers, insurers or health care providers. Once filed a mediation conference may be requested with either a Louisiana Workforce Commission (LWC) or private mediator where the mediator attempts to resolve the dispute informally. If the dispute is resolved, the parties perfect a compromise or lump settlement to be approved by the Workers' Compensation Judge. If it is not resolved at mediation, a trial is held by a workers' compensation judge and a final decision is rendered. Court activity is concluded in a claim when it is either settled or final judgment rendered.*
- **Occupational Safety and Health Act (OSHA):** *This activity provides consultation, regulation, enforcement, and educational information to employers, regarding State of Louisiana and OSHA guidelines and regulations, in an effort to provide Louisiana workers and employers with a healthy and safe work environment, without levying fines and penalties.*

7. The Office of the 2nd Injury Board *encourages the employment of workers with a permanent condition that is 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. The Office of the 2nd Injury Board obtains assessments from insurance companies and self-insured employers, and reimburses those clients who have met the prerequisites.*

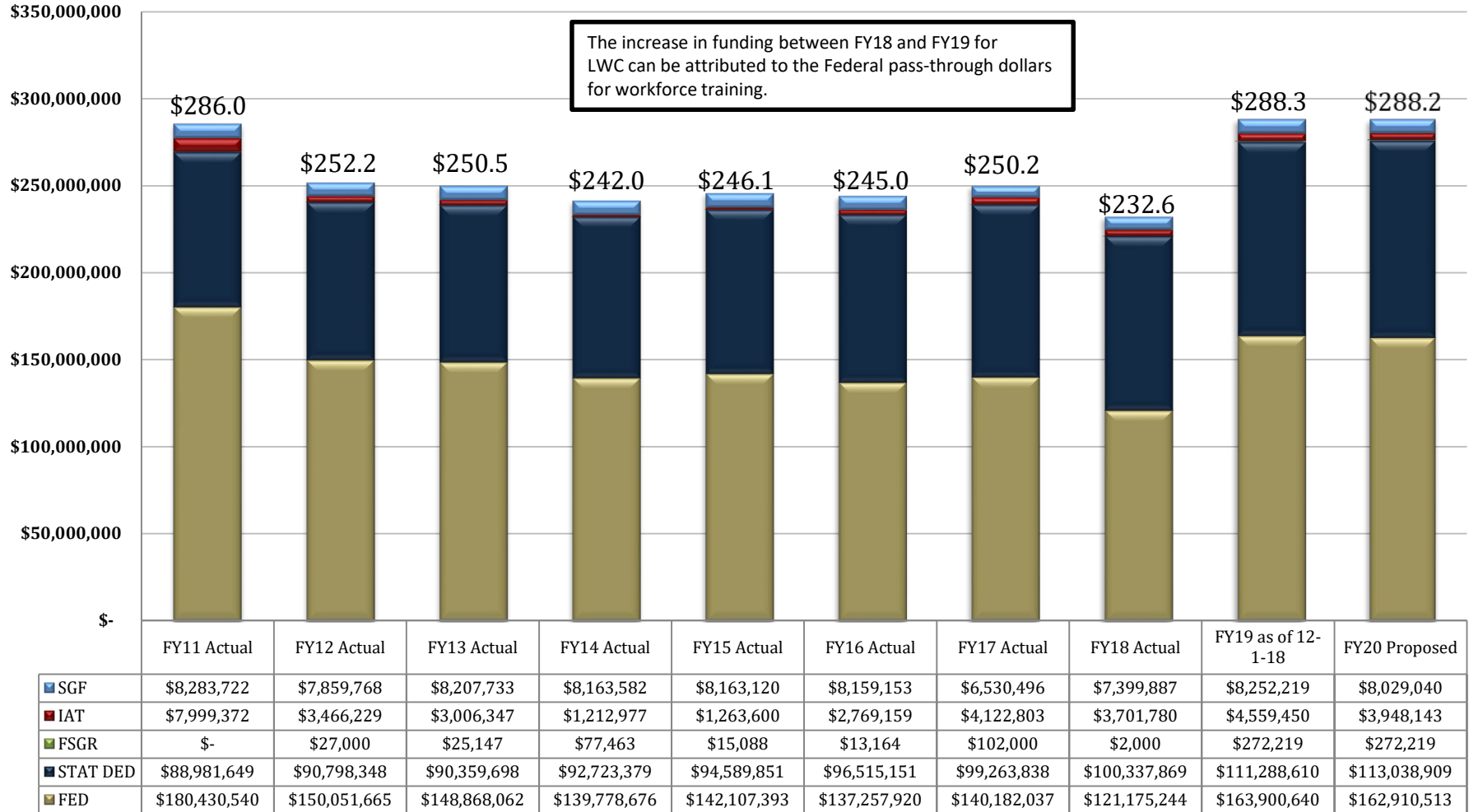


Workforce Commission

Changes in Funding since FY11

Total Budget by Fiscal Year and Means of Finance (in \$ millions)

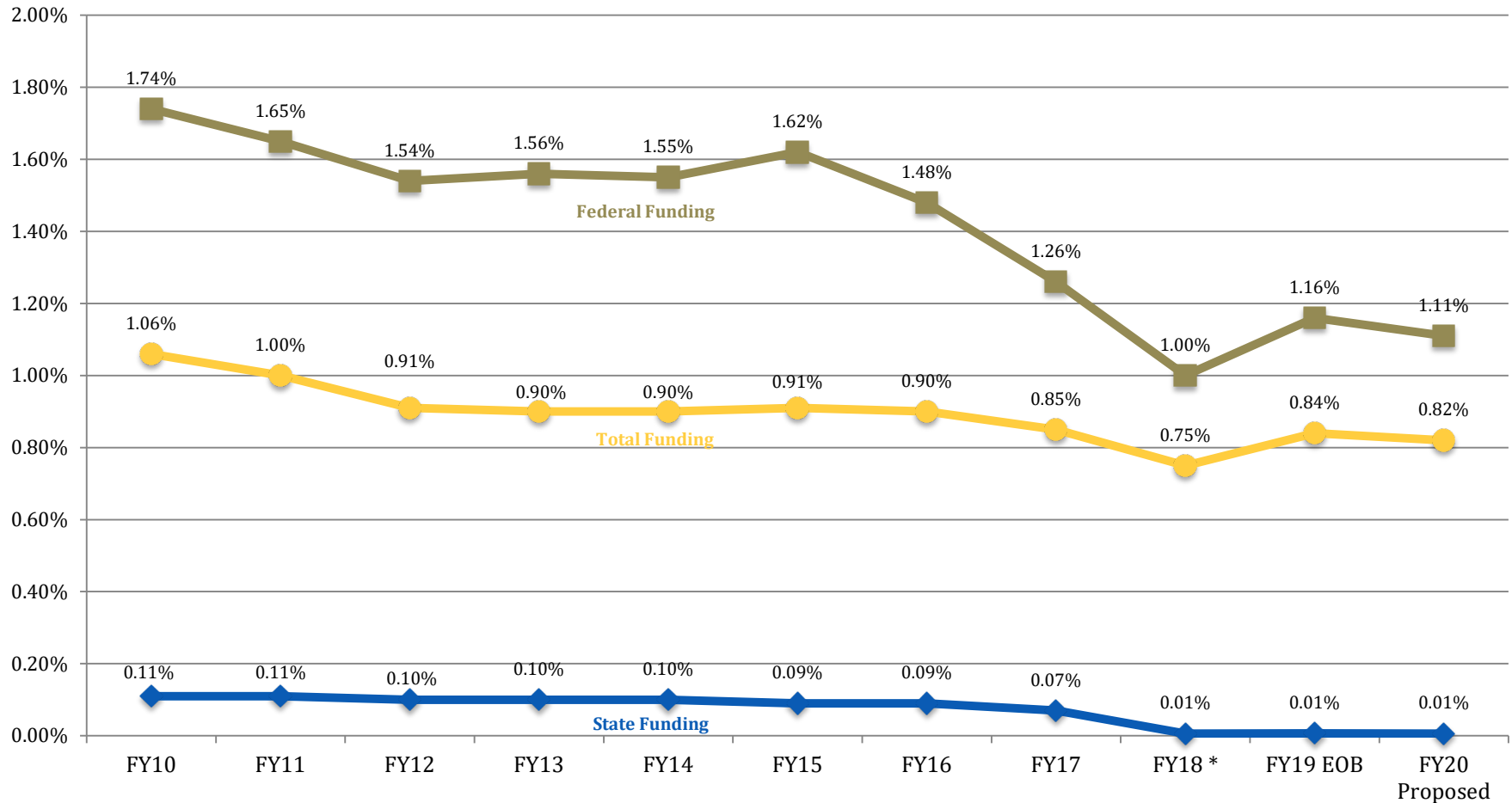
Change from FY11 to FY20 is +0.8%.





Workforce Commission's Changes in Funding since FY11

Workforce Commission's Budget as a Portion of the Total State Budget

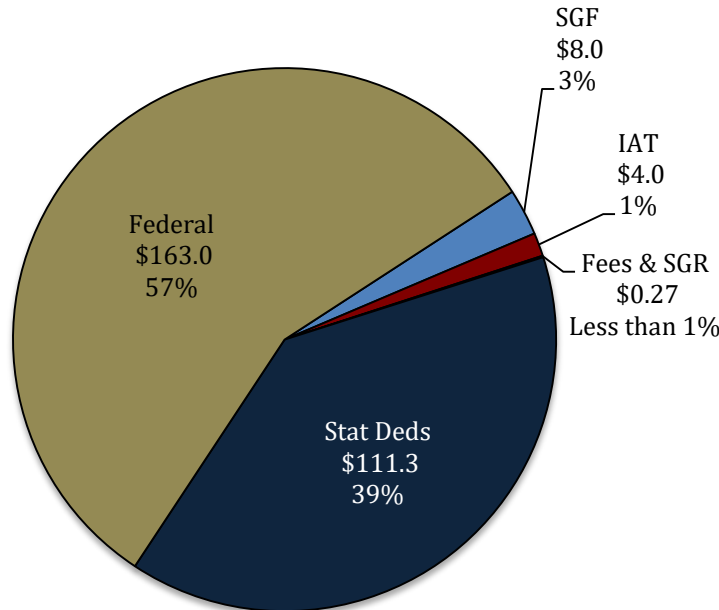




Workforce Commission FY20 Proposed Means of Finance

Total Funding	FY18 Actual	FY19 Enacted	FY19 EOB as of 12-1-18	FY20 Proposed	Difference FY20 Proposed vs. FY19 EOB as of 12-1-18
Workforce Support and Training	\$ 232,616,780	\$ 288,273,138	\$ 288,273,138	\$ 288,198,824	\$ (74,314)
TOTAL	\$ 232,616,780	\$ 288,273,138	\$ 288,273,138	\$ 288,198,824	\$ (74,314)
Total Authorized FTEs	925	921	921	916	(5)

**FY20 Proposed
Total Means of Finance
(In Millions)**



Total \$288.2 m.

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 Job Employment and Training Program (LaJET) and the Strategies to Empower People Program (STEP).

Statutory Dedications, which make up thirty-nine percent of the department's budget, are derived from:

- 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 Innovations and Opportunity Act (WIOA), Federal Reed Act, and the Employment and Training Grants.



Workforce Commission Dedicated Funds FY18, FY19, and FY20

Dedicated Funds	Source of Funding	FY18 Actual	FY19 EOB	FY20 Recommended
Blind Vendors Trust Fund	Fees ; Monies collected from certain vending machines located on state, federal, and other property pursuant to the Randolph-Sheppard Act	\$379,355	\$728,414	\$766,633
Employment Security Administration Account	Insurance taxes	\$3,994,459	\$4,000,000	\$4,000,000
Incumbent Worker Training Account	Insurance taxes	\$18,351,394	\$25,647,123	\$25,808,274
Office of Workers' Compensation Admin. Fund	Insurance taxes	\$14,418,465	\$17,193,992	\$17,317,164
Penalty and Interest Account	Interest, Fines, and Penalties collected from employers.	\$3,181,622	\$3,254,029	\$4,605,607
Workers' Compensation Second Injury Fund	Insurance taxes	\$60,012,574	\$60,465,052	\$60,541,231
TOTALS		\$100,337,869	\$111,288,610	\$113,038,909

Dedicated Fund Review Subcommittee recommendation:

Office of Workers' Compensation Administration Fund = Eliminate and reclassify to Fees and Self-generated Revenues (2018)

Workers' Compensation 2nd Injury Fund = No Change (2018)



Workforce Commission

FY20 Proposed Means of Finance by Agency

14 — Louisiana Workforce Commission

FY20 Proposed Means of Financing by Agency

Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Workforce Support & Training	\$8,029,040	\$3,948,143	\$272,219	\$113,038,909	\$162,910,513	\$288,198,824
Office of the Secretary	\$0	\$0	\$0	\$2,336,348	\$2,231,714	\$4,568,062
Management and Finance	\$0	\$0	\$0	\$2,174,443	\$17,038,016	\$19,212,459
Information Systems	\$0	\$0	\$0	\$1,477,735	\$11,901,177	\$13,378,912
Workforce Development	\$8,029,040	\$3,948,143	\$272,219	\$29,204,760	\$104,386,784	\$145,840,946
Unemployment Insurance Admin.	\$0	\$0	\$0	\$4,348,874	\$26,221,656	\$30,570,530
Workers Compensation Admin.	\$0	\$0	\$0	\$14,003,333	\$1,131,166	\$15,134,499
2nd Injury Board	\$0	\$0	\$0	\$59,493,416	\$0	\$59,493,416
TOTAL Workforce Support and Training	\$8,029,040	\$3,948,143	\$272,219	\$113,038,909	\$162,910,513	\$288,198,824



LWC Categorical Expenditures

FY18, FY19, and FY20

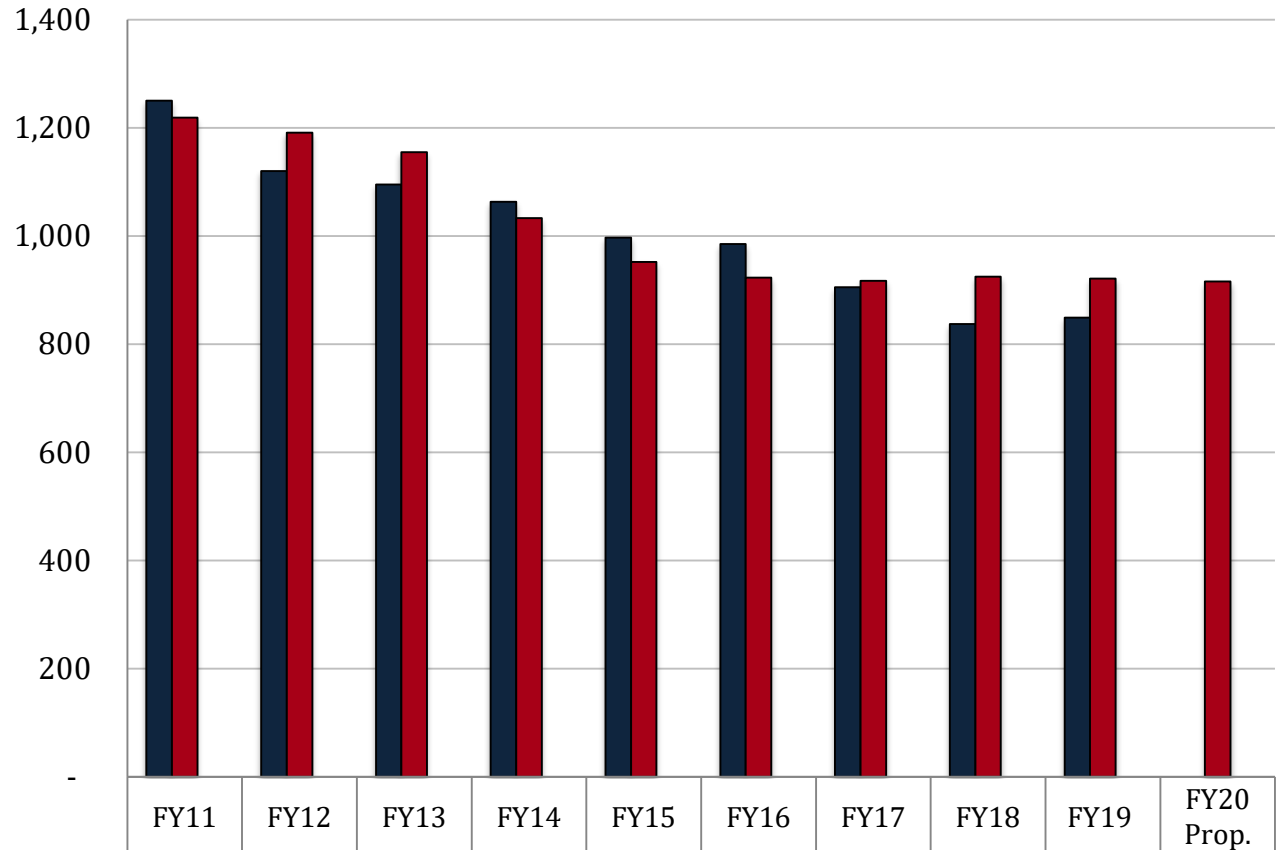
Expenditure Category	FY18 Actual	FY19 EOB (as of 12-01-18)	FY20		Difference FY19 to FY20
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$68,287,435	\$80,659,032	\$85,642,993	30%	\$4,983,961
Salaries	\$38,950,505	\$46,430,271	\$48,380,589	17%	\$1,950,318
Other Compensation	\$2,134,146	\$2,760,942	\$2,760,942	1%	\$0
Related Benefits	\$27,202,784	\$31,467,819	\$34,501,462	12%	\$3,033,643
Operating Expenses:	\$9,383,452	\$13,543,488	\$13,543,488	5%	\$0
Travel	\$766,852	\$955,165	\$955,165	0%	\$0
Operating Services	\$8,173,430	\$11,641,589	\$11,641,589	4%	\$0
Supplies	\$443,170	\$946,734	\$946,734	0%	\$0
Professional Services	\$2,585,513	\$7,415,410	\$6,765,410	2%	(\$650,000)
Other Charges:	\$152,360,380	\$186,655,208	\$182,246,933	63%	(\$4,408,275)
Other Charges	\$139,432,468	\$171,360,398	\$168,347,208	58%	(\$3,013,190)
Debt Service	\$0	\$0	\$0	0%	\$0
Interagency Transfers	\$12,927,912	\$15,294,810	\$13,899,725	5%	(\$1,395,085)
Acquisitions & Major Repairs:	\$0	\$0	\$0	0%	\$0
Acquisitions	\$0	\$0	\$0	0%	\$0
Major Repairs	\$0	\$0	\$0	0%	\$0
Total Expenditures	\$232,616,780	\$288,273,138	\$288,198,824	100%	(\$74,314)



Workforce Commission

FTEs, Authorized Positions, and Other Charges Positions

Total FY20
Proposed
Authorized Positions
of 916 are 2.7%
of Total State FY20
Proposed
Authorized Positions
of 33,675.



■ Total FTEs (as of July 1 of each fiscal year)	1,250	1,120	1,095	1,063	997	985	905	837	849	-
■ Total Authorized Positions (Enacted)	1,219	1,191	1,155	1,033	952	923	917	925	921	916
■ Authorized Other Charges Positions	-	-	-	-	-	-	-	-	-	-

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

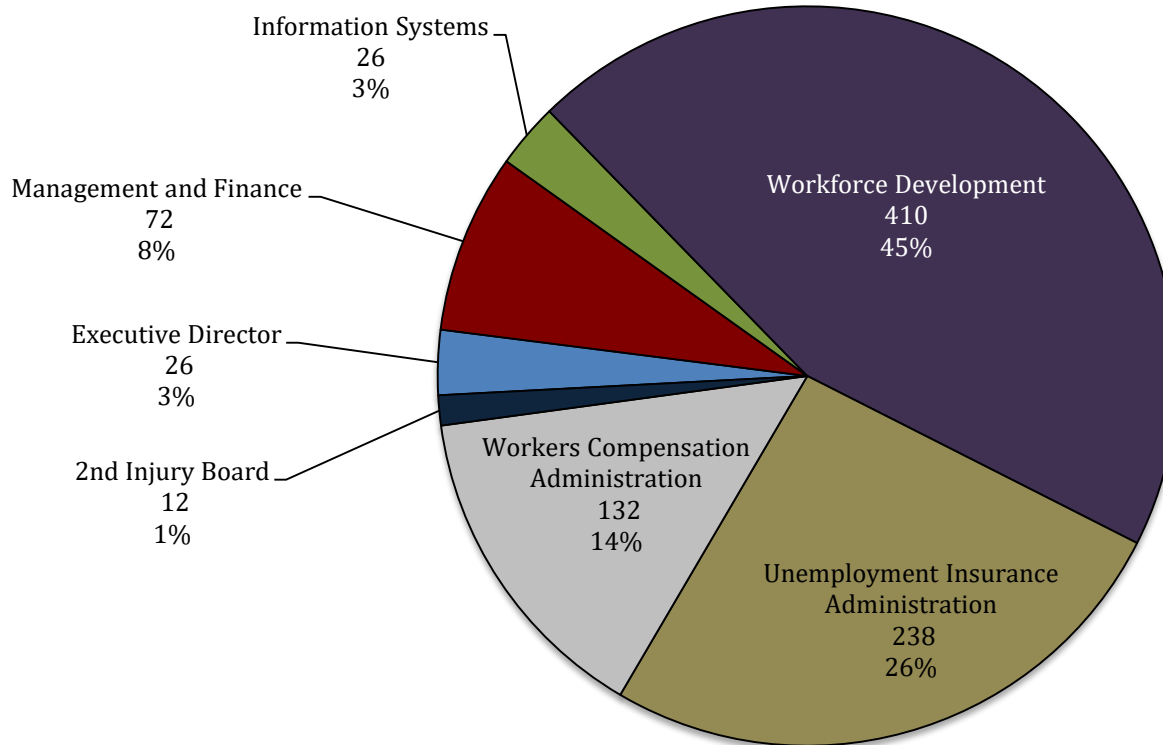
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY20 Proposed.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Workforce Commission

FY20 Proposed Total Authorized Positions by Agency



Most of the department's employees work in Workforce Development carrying out the following functions:

Administration, Business Services, Job Seeker Services, Customized Training, Community Service Block Grants, Youth Worker Protection, Vocational Rehabilitation Services, Randolph Sheppard Business Enterprise, and the Independent Living – Older Blind and Part B activities.

Workforce Support and Training	
Executive Director	26
Management and Finance	72
Information Systems	26
Workforce Development	410
Unemployment Insurance Administration	238
Workers Compensation Administration	132
2nd Injury Board	12



Significant Budget Adjustments Proposed for FY20

Statewide Adjustments to LWC's Budget

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$0	\$316,632	\$1,222,857	\$1,539,489	0	Market Rate Classified
\$0	\$0	\$0	\$150	\$1,397	\$1,547	0	Civil Service Training Series Adjustment
\$0	\$0	\$0	\$247,038	\$1,356,040	\$1,603,078	0	Related Benefits Base Adjustment
\$0	\$0	\$0	\$271,645	\$981,727	\$1,253,372	0	Retirement Rate Adjustment
\$0	\$0	\$0	\$33,576	\$134,389	\$167,965	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$0	\$28,199	\$218,778	\$246,977	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	\$0	\$398,359	\$1,684,129	\$2,082,488	0	Salary Base Adjustment
\$0	\$0	\$0	(\$304,680)	(\$1,164,764)	(\$1,469,444)	0	Attrition Adjustment
\$0	\$0	\$0	\$0	(\$441,511)	(\$441,511)	(5)	Personnel Reductions
\$0	\$0	\$0	\$11,495	\$5,887	\$17,382	0	Risk Management
\$0	\$0	\$0	(\$6,859)	\$0	(\$6,859)	0	Legislative Auditor Fees
\$0	\$0	\$0	\$2,284	\$18,251	\$20,535	0	Rent in State-Owned Buildings
\$0	\$0	\$0	\$5,349	\$77,896	\$83,245	0	Maintenance in State-Owned Buildings
\$0	\$0	\$0	\$0	\$160	\$160	0	Capitol Police
\$0	\$0	\$0	(\$630)	(\$1,566)	(\$2,196)	0	UPS Fees
\$0	\$0	\$0	\$5,094	\$12,671	\$17,765	0	Civil Service Fees
\$0	\$0	\$0	\$407	\$0	\$407	0	State Treasury Fees
\$0	\$0	\$0	\$110,311	\$594,913	\$705,224	0	Office of Technology Services (OTS)
\$0	\$0	\$0	(\$17,158)	(\$42,684)	(\$59,842)	0	Office of State Procurement
\$0	\$0	\$0	\$1,200,000	(\$1,200,000)	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENTS
\$0	\$0	\$0	(\$175,000)	\$0	(\$175,000)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT
(\$223,179)	(\$611,307)	\$0	(\$375,913)	(\$4,448,697)	(\$5,659,096)	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
(\$223,179)	(\$611,307)	\$0	\$1,750,299	(\$990,127)	(\$74,314)	(5)	Total Statewide Adjustments



Workforce Commission Significant Adjustments for FY20

Significant Increases for FY20

Increase	Source	T.O.	Agency	Description
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Significant Decreases for FY20

Decrease	Source	T.O.	Agency	Description
(\$700,000)	Federal	0	Unemployment Benefits	Decreases Federal Funds for the implementation fees associated with the Helping Individuals Reach Employment (HIRE) computer system phases II and III. Cost for the system will not occur until full implementation is achieved.
(\$1,000,000)	Federal	0	Workforce Development	Decreases Federal Funds due to historical spending associated with pass-through grant funding for the Local Workforce Development Boards.
(\$1,047,789)	SGF; Federal	0	Workforce Development	Adjusts funding for La. Rehabilitation Services activities within the Office of Workforce Development. (\$223,179)-SGF (\$824,610)-FED
(\$2,000,000)	Stat. Ded.; Federal	0	Information Systems	Decreases funding based upon historical spending levels. (\$375,913) -Stat. Ded. (\$1,624,087) -Federal



Workforce Commission

Significant Means of Financing Substitutions for FY20

MOF Swap	Source	T.O.	Agency	Description
\$1,200,000	Stat. Ded.	0	Unemployment Benefits	Means of Finance Substitution replaces Federal Funds with Statutorily Dedicated Funds out of the Penalty and Interest Account Fund to support the administration of the Unemployment Insurance program.
(\$1,200,000)	Federal	0	Unemployment Benefits	Means of Finance Substitution replaces Federal Funds with Statutorily Dedicated Funds out of the Penalty and Interest Account Fund to support the administration of the Unemployment Insurance program.



Workforce Commission

Louisiana Rehabilitation Services

Louisiana Rehabilitation Services (LRS) assists citizens with disabilities in their desire to obtain or maintain employment and/or achieve independence in their communities by providing rehabilitation services and working cooperatively with business and other community resources.

In FY20, \$37.7 million is provided for the Louisiana Rehabilitation Services. \$8 million in State General Fund dollars is used as matching funds to draw \$29.7 million in Federal Funds. Federal match is \$3.69 for every \$1 provided by the state.

LOUISIANA REHABILITATION SERVICES						
						HB105
MEANS OF FINANCE	2015	2016	2017	2018	2019	2020
STATE GENERAL FUNDS	\$8,163,120	\$8,159,153	\$6,530,496	\$7,399,887	\$8,252,219	\$8,029,040
SECOND INJURY	\$508,892	\$500,000	\$500,000	\$525,000	\$530,000	\$530,000
SELF GENERATED	\$15,088	\$19,164	\$0	\$0	\$0	\$0
IAT LCTCS	\$0	\$0	\$825,000	\$0	\$0	\$0
PRIVATE DONATION - JAG NATIONAL/DELTA REGIONAL	\$0	\$100,000	\$243,500	\$243,500	\$194,000	\$0
Total State:	\$8,687,100	\$8,778,317	\$8,098,996	\$8,168,387	\$8,976,219	\$8,559,040
Federal draw from SGF, SI,SG, IAT, and donations:	\$32,097,405	\$32,434,438	\$29,924,459	\$30,180,848	\$33,165,654	\$31,624,246
Total Vocational Rehabilitation:	\$40,784,505	\$41,212,755	\$38,023,455	\$38,349,235	\$42,141,873	\$40,183,286
	2015	2016	2017	2018	2019	2020
BLIND VENDORS TRUST FUND	\$677,988	\$696,306	\$672,243	\$702,443	\$728,414	\$766,633
Grand Total Available funding in LRS:	\$41,462,493	\$41,909,061	\$38,695,698	\$39,051,678	\$42,870,287	\$40,949,919

Source: Louisiana Workforce Commission



Comparison Adjustments to the State General Fund in the FY20 Continuation, Standstill and Proposed Budgets

Workforce Commission	FY19 EOB	FY20 Proposed Budget	FY 20 Continuation Budget	FY20 Standstill Budget	DIFFERENCE					
					CONTINUATION OVER/(UNDER) FY19 EOB	STANDSTILL OVER/(UNDER) FY19 EOB	CONTINUATION OVER/(UNDER) STANDSTILL	PROPOSED OVER/(UNDER) CONTINUATION	PROPOSED OVER/(UNDER) STANDSTILL	PROPOSED OVER/(UNDER) FY19 EOB
STATE GENERAL FUND	\$8,252,219	\$8,029,040	\$8,252,219	\$8,252,219	\$0	\$0	\$0	(\$223,179)	(\$223,179)	(\$223,179)

Continuation Budget versus Standstill Budget

There are no adjustments for the Continuation and Standstill Budgets for this department. The FY20 Proposed Budget is under the standstill and continuation budgets by **(\$223,179)** in State General Fund Dollars. This is an adjustment to funding for the Louisiana Rehabilitation Services activities.

Difference between the Governor's Proposed Budget and House Bill No. 105 by Rep. Henry

For this agency, there is no difference between the FY20 budget proposed by the governor and the amount contained in HB 105.



Workforce Commission House Amendments to HB105

House Amendments to HB105						
HB 105	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Original	\$8,029,040	\$3,948,143	\$272,219	\$113,038,909	\$162,910,513	\$288,198,824
Appropriations Amendments:	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Workforce Support and Training - reduces funding for LA Rehab. Services activities.	(\$33,107)	\$0	\$0	\$0	(\$122,325)	(\$155,432)
Workforce Development - excess budget authority reduction	\$0	\$0	\$0	(\$216,000)	\$0	(\$216,000)
Unemployment Insurance Administration - excess budget authority reduction	\$0	\$0	\$0	\$0	(\$3,000,000)	(\$3,000,000)
Engrossed	\$7,995,933	\$3,948,143	\$272,219	\$112,822,909	\$159,788,188	\$284,827,392
Difference HB105 Original to HB105 Engrossed	(\$33,107)	\$0	\$0	(\$216,000)	(\$3,122,325)	(\$3,371,432)
FY20 Proposed	\$8,029,040	\$3,948,143	\$272,219	\$113,038,909	\$162,910,513	\$288,198,824
Difference HB105 Original to FY20 Proposed	\$0	\$0	\$0	\$0	\$0	\$0
Difference HB105 Engrossed to FY20 Proposed	(\$33,107)	\$0	\$0	(\$216,000)	(\$3,122,325)	(\$3,371,432)