



Louisiana Senate Finance Committee



FY21 Proposed Budget

14 – Louisiana Workforce Commission

June 2020

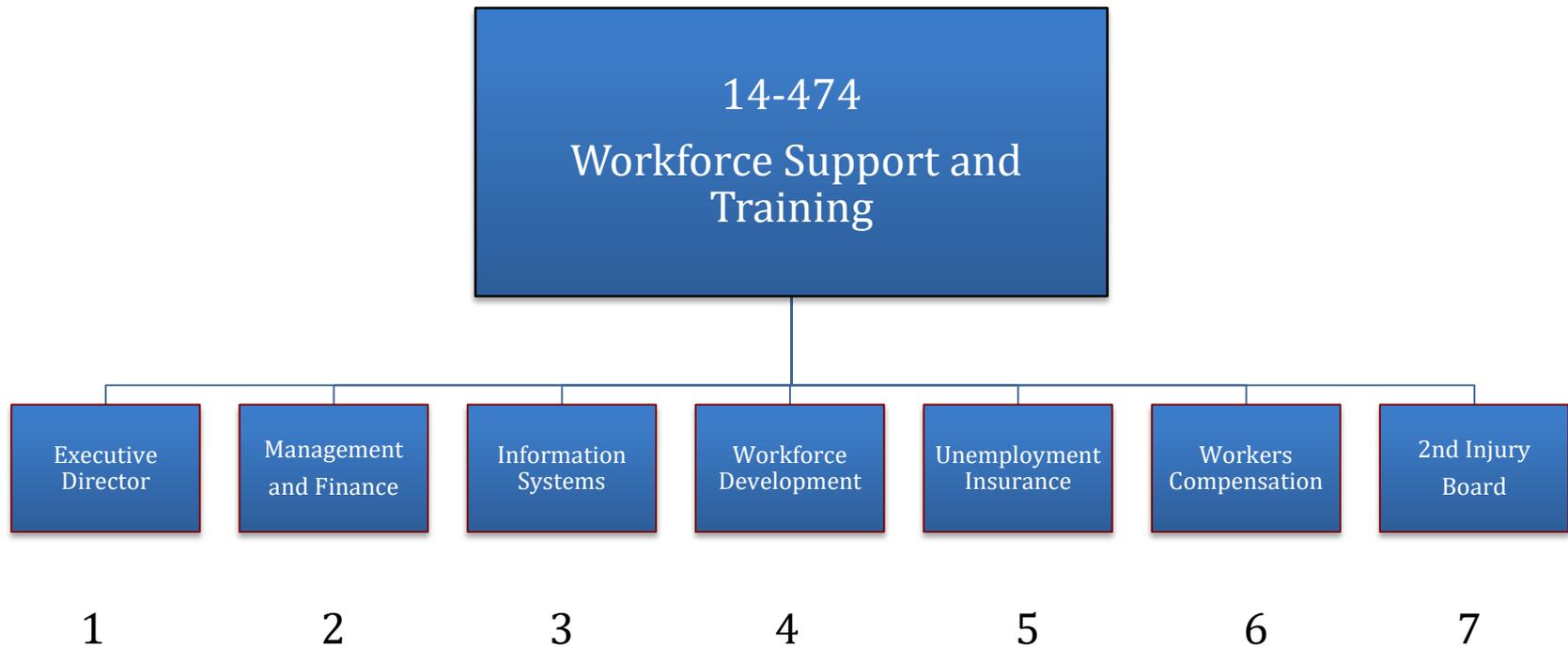
*Sen. Patrick Page Cortez, President
Sen. Bodi White, Chairman*



FY21 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.”





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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.



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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.*



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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.*



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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.*

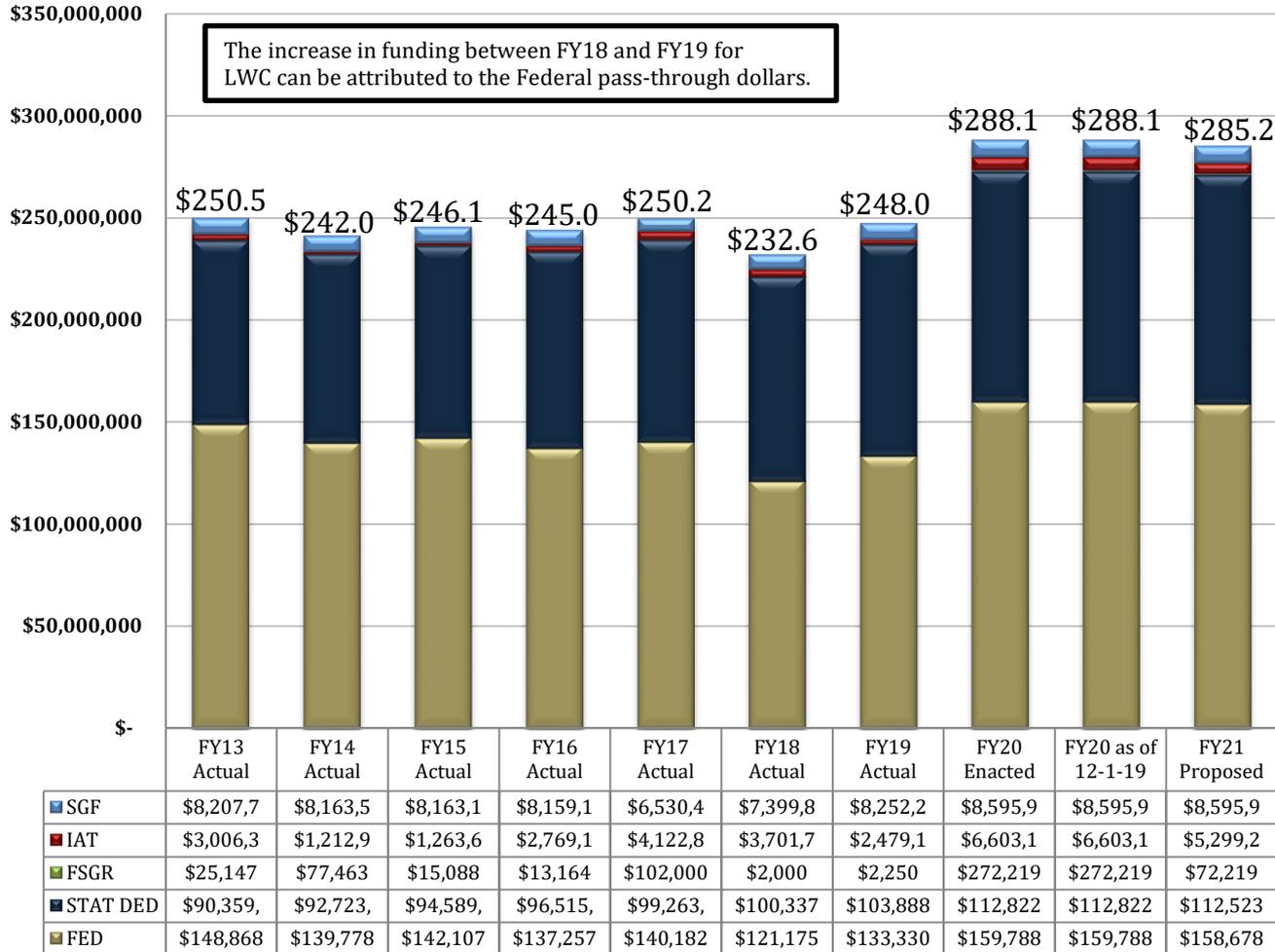


Workforce Commission

Changes in Funding since FY13

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

Change from FY13 to FY21 is +13.9%.



Interim Updates:
No updates to report.



Significant Budget Adjustments Proposed for FY21

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
\$8,595,933	\$6,603,143	\$272,219	\$112,822,909	\$159,788,188	\$288,082,392	919	FY20 Existing Operating Budget as of 12-1-19
\$0	\$0	\$0	\$310,813	\$1,249,632	\$1,560,445	0	Market Rate Salary Adjustment - Classified
\$0	\$0	\$0	\$24,598	\$63,205	\$87,803	0	Unclassified Pay Increase
\$0	\$0	\$0	\$402	\$6,660	\$7,062	0	Civil Service Training Series Adjustment
\$0	\$0	\$0	(\$8,280)	\$30,173	\$21,893	0	Related Benefits Base Adjustment
\$0	\$0	\$0	(\$57,116)	(\$212,368)	(\$269,484)	0	Retirement Rate Adjustment
\$0	\$0	\$0	\$36,953	\$147,494	\$184,447	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$0	\$31,179	\$241,898	\$273,077	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	\$0	(\$132,516)	\$328,307	\$195,791	0	Salary Base Adjustment
\$0	\$0	\$0	(\$297,610)	(\$1,169,840)	(\$1,467,450)	0	Attrition Adjustment
\$0	\$0	\$0	(\$200,779)	(\$609,695)	(\$810,474)	(9)	Personnel Reductions
\$0	\$0	\$0	(\$14,461)	(\$37,034)	(\$51,495)	0	Risk Management
\$0	\$0	\$0	(\$106,725)	\$0	(\$106,725)	0	Legislative Auditor Fees
\$0	\$0	\$0	(\$5)	(\$50,242)	(\$50,247)	0	Rent in State-owned Buildings
\$0	\$0	\$0	(\$77)	(\$1,255)	(\$1,332)	0	Maintenance in State-owned Buildings
\$0	\$0	\$0	\$0	\$4,178	\$4,178	0	Capitol Police
\$0	\$0	\$0	(\$170)	(\$438)	(\$608)	0	UPS Fees
\$0	\$0	\$0	\$5,657	\$14,486	\$20,143	0	Civil Service Fees
\$0	\$0	\$0	\$5,980	\$0	\$5,980	0	State Treasury Fees
\$0	\$0	\$0	\$237,101	\$1,362,963	\$1,600,064	0	Office of Technology Services (OTS)
\$0	\$0	\$0	(\$9,095)	(\$23,287)	(\$32,382)	0	Office of State Procurement
\$0	\$0	\$0	(\$174,151)	\$1,344,837	\$1,170,686	(9)	Total Statewide Adjustments
\$0	\$0	\$0	\$0	\$0	\$0	0	Total Means of Financing Substitution Adjustments
\$0	(\$3,548,143)	\$0	\$0	\$0	(\$3,548,143)	0	Total Other Technical Adjustments
\$0	\$2,244,209	(\$200,000)	(\$125,000)	(\$2,454,300)	(\$535,091)	0	Total Other Adjustments
\$8,595,933	\$5,299,209	\$72,219	\$112,523,758	\$158,678,725	\$285,169,844	910	Total FY21 Proposed Budget
\$0	(\$1,303,934)	(\$200,000)	(\$299,151)	(\$1,109,463)	(\$2,912,548)	(9)	Total Adjustments (Statewide and Agency-Specific)



Workforce Commission Non-Statewide Adjustments for FY21

Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$0	(\$125,000)	\$0	(\$125,000)	0	Workers Compensation Administration -Adjustment to Statutory Dedications from the Office of Workers Compensation Administrative Fund in operating services due to reduced banking services fees.
\$0	\$0	\$0	\$0	(\$200,000)	(\$200,000)	0	Unemployment Benefits -Adjustment to decrease spending on postage due to reduced mailings needed because of an increased online presence, digitalnotification and outreach.
\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)	0	Unemployment Benefits -Adjustment to reduce the implementation fees associated with the Helping Individuals Reach Employment (HIRE) Computer System phases II and III. The HIRE implementation is not finalized and costs for the system will occur once full implementation is achieved. This system integrates the unemployment compensation and workforce services data in an effort to provide better re-employment services.
\$0	\$0	\$0	\$0	(\$1,605,000)	(\$1,605,000)	0	Office of Workforce Development -Adjustment to decrease spending on rent due to terminated leases and activities moving into LWC main office building in Baton Rouge. Also decreases in computer supplies and contractual services for the pass through grants to local agencies for workforce training and education.
\$0	\$1,244,209	\$0	\$0	\$0	\$1,244,209	0	Office of Workforce Development -Funding provided to annualize contract increase in FY20 from Temporary Assistance for Needy Families (TANF) funding, from the Department of Children and Family Services (DCFS) for the Jobs for American Graduates (JAG) activity. JAG is a resiliency-building workforce preparation program that helps students learn in-demand employability skills and provides a bridge to post-secondary education and career advancement opportunities.
\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000	0	Office of Workforce Development -Funding provided to enhance the Jobs for American Graduates (JAG) activity from Temporary Assistance for Needy Families (TANF) funding, from the Department of Children and Family Services (DCFS). JAG is a resiliency-building workforce preparation program that helps students learn in-demand employability skills and provides a bridge to post-secondary education and career advancement opportunities.
\$0	\$0	(\$200,000)	\$0	\$0	(\$200,000)	0	Office of Workforce Development -Reducing excess budget authority in the Office of Workforce Development Program.
\$0	\$0	\$0	\$0	(\$60,000)	(\$60,000)	0	Management & Finance -Adjustment to decrease spending on vehicle supplies, repairs, and maintenance due to reduced need for upkeep of older vehicles.
\$0	\$0	\$0	\$0	(\$89,300)	(\$89,300)	0	Information Systems -Adjustment to decrease out of state travel spending due to less conference attendance, and a decrease in data processing licensing software purchased for the occupation information system used for forecasting.
\$0	\$2,244,209	(\$200,000)	(\$125,000)	(\$2,454,300)	(\$535,091)	0	Total Other Adjustments

Technical Adjustments

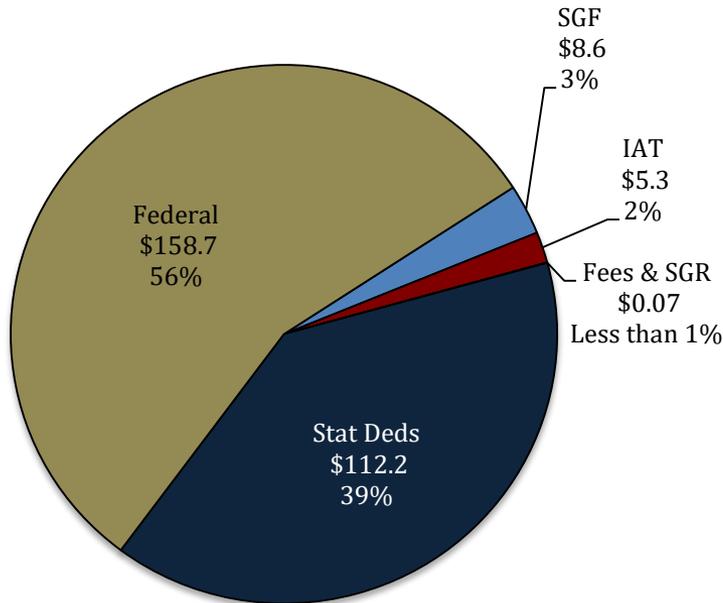
State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	(\$1,048,143)	\$0	\$0	\$0	(\$1,048,143)	0	Office of Workforce Development -Adjustment to remove funding for the Louisiana Job Employment Training (LaJET) program due to it transferring back to the Department of Children and Family Services (DCFS).
\$0	(\$2,500,000)	\$0	\$0	\$0	(\$2,500,000)	0	Office of Workforce Development -Adjustment to remove funding for the Strategies to Empower People Program (STEP) due to it transferring back to the Department of Children and Family Services (DCFS).
\$0	(\$3,548,143)	\$0	\$0	\$0	(\$3,548,143)	0	Total Technical Adjustments



Workforce Commission FY21 Proposed Means of Finance

Total Funding	FY19 Actual	FY20 Enacted	FY20 EOB as of 12-1-19	FY21 Proposed	<i>Difference FY21 Proposed vs. FY20 EOB as of 12-1- 19</i>
Workforce Support and Training	\$ 247,952,550	\$ 288,082,392	\$ 288,082,392	\$ 285,169,844	\$ (2,912,548)
TOTAL	\$ 247,952,550	\$ 288,082,392	\$ 288,082,392	\$ 285,169,844	\$ (2,912,548)
Total Positions	921	919	919	910	(9)

**FY21 Proposed
Total Means of Finance
(In Millions)**



Total \$285.2 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 FY19, FY20, and FY21

Dedicated Funds	Source of Funding	FY19 Actual	FY20 EOB	FY21 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	\$410,771	\$550,633	\$547,397
Employment Security Administration Account	Insurance taxes	\$3,982,464	\$4,000,000	\$4,000,000
Incumbent Worker Training Account	Insurance taxes	\$21,594,504	\$25,808,274	\$25,821,283
Office of Workers' Compensation Admin. Fund	Insurance taxes	\$14,205,075	\$17,317,164	\$17,042,169
Penalty and Interest Account	Interest, Fines, and Penalties collected from employers.	\$3,253,777	\$4,605,607	\$4,516,158
Workers' Compensation Second Injury Fund	Insurance taxes	\$60,441,476	\$60,541,231	\$60,596,751
TOTALS		\$103,888,067	\$112,822,909	\$112,523,758

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)



Louisiana Workforce Commission

FY20 Enacted vs. FY21 Proposed Means of Finance by Agency

FY20 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
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	\$8,595,933	\$6,603,143	\$272,219	\$28,988,760	\$104,264,459	\$148,724,514
Unemployment Insurance Admin.	\$0	\$0	\$0	\$4,348,874	\$23,221,656	\$27,570,530
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
TOTALS	\$8,595,933	\$6,603,143	\$272,219	\$112,822,909	\$159,788,188	\$288,082,392

FY21 Proposed Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Office of the Secretary	\$0	\$0	\$0	\$2,244,239	\$2,253,409	\$4,497,648
Management and Finance	\$0	\$0	\$0	\$2,177,518	\$17,017,158	\$19,194,676
Information Systems	\$0	\$0	\$0	\$1,713,985	\$13,177,524	\$14,891,509
Workforce Development	\$8,595,933	\$5,299,209	\$72,219	\$28,999,927	\$102,780,619	\$145,747,907
Unemployment Insurance Admin.	\$0	\$0	\$0	\$4,348,874	\$22,334,849	\$26,683,723
Workers Compensation Admin.	\$0	\$0	\$0	\$13,576,975	\$1,115,166	\$14,692,141
2nd Injury Board	\$0	\$0	\$0	\$59,462,240	\$0	\$59,462,240
TOTALS	\$8,595,933	\$5,299,209	\$72,219	\$112,523,758	\$158,678,725	\$285,169,844
<i>Difference FY20 Enacted to FY21 Proposed</i>	<i>\$0</i>	<i>(\$1,303,934)</i>	<i>(\$200,000)</i>	<i>(\$299,151)</i>	<i>(\$1,109,463)</i>	<i>(\$2,912,548)</i>

The FY21 Proposed Budget for LWC is a decrease of \$2.9 million under FY20 Enacted. This equates to a percentage decrease of 1.

The Information Systems Program showed the only increase at \$1.5 million. The largest decrease was in the Workforce Development Program at (\$2.97 million), then the Unemployment Insurance Administration at (\$886,807) and the Workers Compensation Administration at (\$442,358).

All means of finance showed a decrease in funding with the exception of the State General Fund which saw no change from FY20 Enacted to FY21 Proposed.



LWC Categorical Expenditures

FY19, FY20, and FY21

Expenditure Category	FY19 Actual	FY20 EOB <i>(as of 12-01-19)</i>	FY21		Difference FY20 to FY21
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$71,553,351	\$85,635,650	\$85,418,760	30%	(\$216,890)
Salaries	\$40,158,683	\$48,318,625	\$48,242,732	17%	(\$75,893)
Other Compensation	\$3,018,729	\$2,791,339	\$2,791,339	1%	\$0
Related Benefits	\$28,375,939	\$34,525,686	\$34,384,689	12%	(\$140,997)
Operating Expenses:	\$9,302,335	\$13,543,488	\$12,994,188	5%	(\$549,300)
Travel	\$841,947	\$955,165	\$940,165	0%	(\$15,000)
Operating Services	\$8,168,395	\$11,641,589	\$11,172,289	4%	(\$469,300)
Supplies	\$291,993	\$946,734	\$881,734	0%	(\$65,000)
Professional Services	\$1,825,270	\$4,765,410	\$4,265,410	1%	(\$500,000)
Other Charges:	\$165,271,594	\$184,137,844	\$182,491,486	64%	(\$1,646,358)
Other Charges	\$151,999,384	\$170,238,119	\$167,054,185	59%	(\$3,183,934)
Debt Service	\$0	\$0	\$0	0%	\$0
Interagency Transfers	\$13,272,210	\$13,899,725	\$15,437,301	5%	\$1,537,576
Acquisitions & Major Repairs:	\$0	\$0	\$0	0%	\$0
Acquisitions	\$0	\$0	\$0	0%	\$0
Major Repairs	\$0	\$0	\$0	0%	\$0
Total Expenditures	\$247,952,550	\$288,082,392	\$285,169,844	100%	(\$2,912,548)

NOTE: Other Charges include pass through grants to local agencies for workforce training and education, Grants for local governments to assist clients in acquiring job skills in the Incumbent Worker Training Program, Worker Protection Services, Vocational Rehabilitation - service provided per Section 110 of the Vocational Rehabilitation Act, Reimbursements to insurance carriers for cost of worker's compensation benefits, when an eligible worker sustains a subsequent job related injury, Jobs for American Graduates (JAG) administration and grants to local agencies.

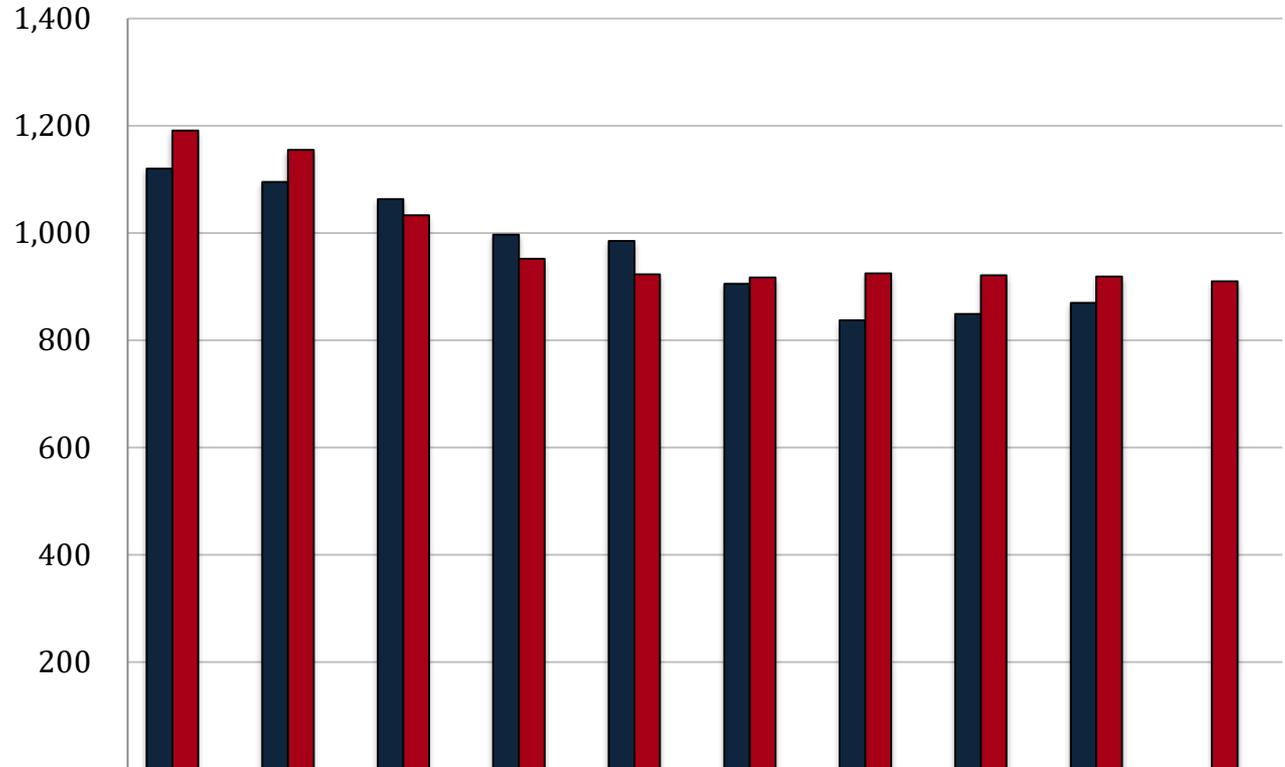


Louisiana Workforce Commission

FTEs, Authorized Positions, and Other Charges Positions

FY21 Proposed Budget includes funding for related benefits of all positions in the amount of \$34.4m.

Out of the \$34.4m, \$15.6m are for UAL payments, \$9.4m are for retirees' health benefits, the remaining amount of \$9.4 are the employer contributions to the benefits of active employees, of which 0% is SGF.



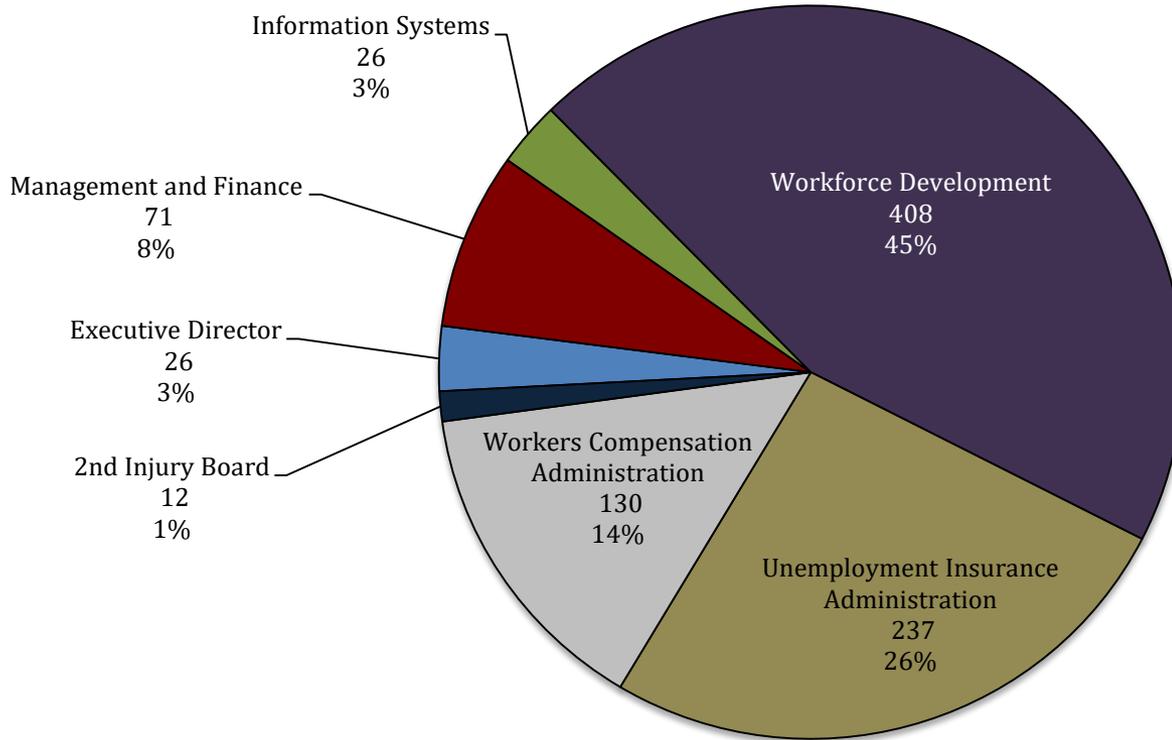
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 Prop.
■ Total FTEs (as of July 1 of each fiscal year)	1,120	1,095	1,063	997	985	905	837	849	870	-
■ Total Authorized Positions (Enacted)	1,191	1,155	1,033	952	923	917	925	921	919	910
■ Authorized Other Charges Positions	-	-	-	-	-	-	-	-	-	-

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).



Louisiana Workforce Commission

FY21 Proposed Total Authorized Positions by Agency



Workforce Support and Training	
Executive Director	26
Management and Finance	71
Information Systems	26
Workforce Development	408
Unemployment Insurance Administration	237
Workers Compensation Administration	130
2nd Injury Board	12



FY21 Proposed Budget

LWC— Staff Demographic Data

The following table shows a breakdown of departmental staff by demographic data.

Gender	
Female	624
Male	180
Race	
Black	439
White	344
Other	21
Retirement Eligible Within 1 Year	
	220



Louisiana 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.

Means of Finance	FY20	FY21	<i>Difference Between FY20 and FY21</i>
State General Fund	\$7,995,933	\$7,995,933	\$0
Federal Match	\$29,504,993	\$29,504,993	\$0
Interagency Transfers	\$0	\$0	\$0
Federal Match	\$0	\$0	\$0
Donations Utilized as Match	\$272,219	\$72,219	(\$200,000)
Federal Match	\$1,004,488	\$266,488	(\$738,000)
Total State Effort	\$8,268,152	\$8,068,152	(\$200,000)
Total Federal Match	\$30,509,481	\$29,771,481	(\$738,000)

In FY21, \$37.5 million is provided for the Louisiana Rehabilitation Services. \$8 million in State General Fund dollars is used as matching funds to draw \$29.5 million in Federal Funds. Federal match is \$3.69 for every \$1.



Louisiana Workforce Commission Audit Findings

Detection and Prevention of Worker Misclassification - June 20, 2019

An examination of LWC's processes to detect and prevent worker misclassification by employers found the processes could be improved. Worker misclassification occurs when an employer improperly classifies a worker as an independent contractor instead of an employee. Misclassification of workers can result in non-payment of state and federal unemployment taxes, income taxes, and payroll taxes; loss of worker protections under occupational health and safety laws; less access to workers' compensation insurance coverage; and unfair competitive advantages for companies. Between calendar years 2014 and 2018, LWC identified employers that had misclassified workers and failed to pay the State nearly \$3 million in unemployment taxes. Based on the wages associated with these unpaid unemployment taxes, the State potentially did not receive approximately \$9 million in state income taxes. In addition, LWC's enforcement process is not effective at deterring employers from misclassifying their workers because Louisiana is the only state that mandates LWC to send warning letters to employers that misclassify workers on their first offense, as opposed to assessing penalties. If LWC had been able to impose penalties for first-time offenses, it could have assessed over \$3 million in penalties during calendar years 2016 to 2018.

Evaluation of Controls over the Prescribing of Opioids in the Workers' Compensation Program - December 4, 2019

Prescribing controls in the Workers' Compensation program could be strengthened to reduce the risks associated with opioid use. For instance, the State does not require the use of mechanisms such as a drug formulary or reimbursement rules to help control the prescribing of opioids in Workers' Compensation. The lack of control mechanisms may be why the number of Workers' Compensation claims involving opioid prescriptions is not decreasing as quickly in Louisiana as in other states. In addition, while Louisiana has a law limiting first-time opioid prescriptions to a seven-day supply, the law does not indicate how much time has to pass after a patient's last prescription has ended before the next one can be considered a first-time prescription. Also, from calendar year 2016 through 2018, 24.6% of Workers' Compensation claimants with opioid prescriptions had an average daily morphine equivalent dose that exceeded the recommendations of the federal Centers for Disease Control and Prevention.



Louisiana Workforce Commission Audit Findings Continued

Louisiana Workforce Commission - December 23, 2019

LWC did not have adequate security controls in place for the Louisiana Wage and Tax System and the Unemployment Insurance mainframe system. For the *third consecutive report*, LWC's contract with Geographic Solutions, Inc. (GSI) lacked an adequate source code escrow agreement that would allow LWC to continue operations of the Unemployment Insurance program if GSI could no longer provide services. In addition, LWC did not adequately monitor the sub-recipients of the Workforce Innovation and Opportunity Act programs as required by federal laws and regulations. During fiscal year 2019, on-site reviews were conducted for only five of the 15 sub-recipients and these reviews related to fiscal year 2017 program activity.



Impact from COVID-19

Families First Coronavirus Response Act

The United States Department of Labor, through the Families First Coronavirus Response Act, Public Law (Pub. L.) 116-127, specifically Division D, **the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA)**, provided additional funding for the payment of benefits and administration of the agency's unemployment insurance program. LWC was allotted a total of \$12,708,754 under this EUISAA. Of that amount, LWC has been awarded \$6,354,377 to cover the additional administrative costs incurred due to the extraordinary increase in the volume of claims. The balance of funds will be released once the state's initial claims for unemployment have increased by 10 % over the same rolling quarter in the previous calendar year and a commitment is made to strengthen access to the UI system to maintain emergency flexibility. All of the conditions necessary to receive the second allotment have been met by LWC and receipt of the additional funding is expected shortly.

Coronavirus Aid, Relief and Economic Security Act (CARES ACT)

The following provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES ACT) have a direct impact on the LWC unemployment insurance program:

Section 2102 - Pandemic Unemployment Assistance (PUA) - PUA expands coverage to certain workers who traditionally are not eligible for UI benefits under state law, including individuals who are self-employed, independent contractors, or exhausted regular unemployment benefits and are unemployed due to COVID-19. This provision allows for a minimum weekly benefit amount of \$107 per week.

Section 2104 - Federal Pandemic Unemployment Compensation (FPUC)

Eligible individuals will receive an extra \$600 per week, in addition to the weekly benefits amounts they otherwise are eligible to receive, for weeks of unemployment ending on or before July 31, 2020. Notably, individuals are entitled to the full \$600 FPUC weekly payment if they receive at least \$1 in a qualifying week under regular unemployment compensation under state programs; Pandemic Emergency Unemployment Compensation (PEUC); and Pandemic Emergency Assistance (PUA).



Impact from COVID-19

Section 2105 - Temporary full Federal funding of the first week of compensable regular unemployment for States with no week of waiting. State shall be paid an amount equal to 100 % of the total amount of regular compensation paid to individuals by the State for their first week of regular unemployment; and any additional administrative expenses incurred by the State by reason of such agreement.

Section 2107 - Pandemic Emergency Unemployment Compensation. (PEUC) This program allows those who have exhausted benefits under regular unemployment compensation or other programs to receive up to 13 weeks of additional federal benefits added to regular UI.

Louisiana Workforce Commission Role in Disaster Response

The LWC is primarily involved in administering unemployment insurance benefits for those laid off due to the emergency. LWC has processed an unprecedented number of unemployment insurance claims from individuals that have been laid off over the past several weeks. Unemployment insurance claims skyrocketed as large parts of the state's economy was halted in an effort to mitigate the spread of the virus. The job losses have been eye-popping - in just five (5) weeks, over **400,000** unemployment insurance claims have been filed with LWC between March 15 and May 2, 2020. From March 15 until May 5, 2020, LWC processed over \$232,850,729 of regular state UI benefits, \$41,914,262 in federally funded pandemic unemployment assistance and \$848,332,138 of federal pandemic unemployment compensation for a total of **\$1,123,097,129** in total benefits paid during this period.

To give some perspective of the volume of claims mentioned above, last year, LWC paid a total of \$151,781,786 for all claims. The last major influx of claims in Louisiana was due to Hurricane Katrina in 2005. From September 3, 2005 to December 3, 2005, LWC had a total of 403,840 new claims filed during a fourteen (14) week period.



Impact from COVID-19

National Disaster Recovery Grant

The United States Department of Labor awarded the LWC a National Disaster Recovery Dislocated Worker Grant (DWG) in the amount of \$6,000,000 in response to the COVID-19 Pandemic. The period of performance is April 14, 2020 thru March 31, 2022. This grant will provide assistance to employers and dislocated workers affected by this public health emergency. Activities include disaster-relief employment and humanitarian assistance to address the economic impact of the COVID-19 crisis. DWG funds will also provide employment and training services to dislocated workers and other eligible participants including long-term unemployed and self-employed individuals who became unemployed or significantly under employed as a result of COVID-19.

FY20/FY21 Agency Operating Budget Impact

The FY 20 budgeted revenues and expenditure will not be impacted by the COVID-19 event. Expenditures related to COVID-19 through June 30 are projected to be approximately \$6,350,000. The LWC FY 20 budget includes sufficient federal authority to cover these expenditures for the remainder of the fiscal year.

It is also anticipated that the proposed FY 21 budget and projected revenues will remain unchanged. Once data becomes available regarding the number of businesses that may be unable to reopen once safety procedures have been implemented, a better evaluation and projection will be made to determine whether any adjustments to the proposed FY 21 budget is necessary.

The majority of statutory dedicated funds included in the FY21 budget should remain consistent with projections since the amount of revenue is determined by setting the value of assessments based on the revenue necessary to fund program operations. LWC is currently in the process of collecting statutory dedicated revenues for FY 21. While certain provisions of tax collections have been delayed, most of the revenue will be collected by the end of the thirteenth period of the fiscal year.



Impact from COVID-19

The state's unemployment insurance trust fund (UITF) and benefit payments are managed as an off-budget program. (Not part of the agency's operating budget) It is funded by Louisiana employers through a payroll tax and the benefits and tax rates are dependent on the projected balance of the fund. The UITF balance is currently at \$903,250,577. At present, the extent to which the trust fund will be reduced is unpredictable. Depletion of the fund will be determined by the pace at which the employees are able to safely return to work. However, at any point in which the Revenue Estimating Conference adopts a projected trust fund balance less than \$750,000,000, it would cause an increase in taxes and a reduction in benefits as follows:

Taxable Wage Base increases from \$7,700 to \$8,500
Weekly Benefit Amount decreases from \$247 to \$221

The one statutory dedicated fund that may ultimately be impacted by COVID-19 is the Incumbent Worker Training Program, (IWTP) which is a training program designed to help businesses train its employees to maintain world class competitiveness. Its revenue amount depends on the projected UITF balance. The IWTP assessed revenue for FY 21 is set at \$20M and is currently being collected. In the event that the UITF balance projection comes in below \$750,000,000 the funding for IWTP would be eliminated and an adjustment to revenues would be reflected in the proposed FY 22 budget. The Revenue Estimating Conference will make this determination at its regularly scheduled meeting in September 2020.



Louisiana Workforce Commission

Enacted Appropriation vs. Actual Expenditure Analysis — FY17 to FY19

The following charts show Enacted vs. Actual budget comparisons for the specified fiscal years. Rarely are these totals exactly the same. The differences can be attributed to a number of reasons: revenue that was not collected, and therefore, expenditures that could not be made; unanticipated revenue shortfalls that may require a supplemental appropriation; expenditure authority that was anticipated to be needed but the expense never materialized; etc.

Louisiana Workforce Commission	FY17 Enacted	FY17 Actual	FY17 Difference
State General Fund	\$6,530,496	\$6,530,496	\$0
Interagency Transfers	\$6,245,368	\$4,122,803	(\$2,122,565)
Fees and Self-generated Revenues	\$370,000	\$102,000	(\$268,000)
Statutory Dedications	\$109,698,626	\$99,263,838	(\$10,434,788)
Federal	\$160,383,558	\$140,182,037	(\$20,201,521)
TOTAL	\$283,228,048	\$250,201,174	(\$33,026,874)

Louisiana Workforce Commission	FY18 Enacted	FY18 Actual	FY18 Difference
State General Fund	\$7,399,887	\$7,399,887	\$0
Interagency Transfers	\$6,595,050	\$3,701,780	(\$2,893,270)
Fees and Self-generated Revenues	\$272,219	\$2,000	(\$270,219)
Statutory Dedications	\$110,633,810	\$100,337,869	(\$10,295,941)
Federal	\$165,585,202	\$121,175,244	(\$44,409,958)
TOTAL	\$290,486,168	\$232,616,780	(\$57,869,388)

Louisiana Workforce Commission	FY19 Enacted	FY19 Actual	FY19 Difference
State General Fund	\$ 8,252,219	\$ 8,252,219	\$0
Interagency Transfers	\$ 4,559,450	\$ 2,479,186	(\$2,080,264)
Fees and Self-generated Revenues	\$ 272,219	\$ 2,250	(\$269,969)
Statutory Dedications	\$ 111,288,610	\$ 103,888,067	(\$7,400,543)
Federal	\$ 163,900,640	\$ 133,330,828	(\$30,569,812)
TOTAL	\$ 288,273,138	\$ 247,952,550	(\$40,320,588)

Note 1 – Negative *Difference* numbers show excess budget authority or less revenue than anticipated.

Note 2 — Cells highlighted in yellow mean more funding was needed or that a funding source was underbudgeted.

In any given year, LWC tends to be overbudgeted in all means of financing, but particularly Federal Funds, Statutory Dedications and Interagency Transfers.



Louisiana Workforce Commission

House Amendments to HB 105

House Amendments to HB105						
HB 105	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	<i>TOTAL</i>
Original	\$8,595,933	\$5,299,209	\$72,219	\$112,523,758	\$158,678,725	\$285,169,844
Appropriations Amendments:	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	<i>TOTAL</i>
No Changes were made to the proposed budget for this department.	\$0	\$0	\$0	\$0	\$0	\$0
ReEngrossed	\$8,595,933	\$5,299,209	\$72,219	\$112,523,758	\$158,678,725	\$285,169,844
<i>Difference HB105 Original to HB105 ReEngrossed</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

Note: Dollar totals of the ReEngrossed HB105 for the 2020 Regular Session are the same as the totals in HB1 Original for the First Extraordinary Session of 2020.