

# Department of Labor and Training

FY 2015 Revised, FY 2016 & Capital Budgets  
Staff Presentation  
April 15, 2015

## Organizational Structure

- Central Management
- Workforce Development Services
  - Employment Services, WIA, Labor Market Information, Governor's Workforce Board of RI, Veterans' Services
- Workforce Regulation and Safety
  - Labor Standards, Occupational Safety, Professional Reg.
- Income Support
  - UI, Temporary Disability Insurance, Police & Fire Relief
- Injured Worker Services
  - Workers' Compensation Compliance, Education and Rehabilitation
- Labor Relations Board

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## Summary of Governor's Recommendations

<b>Fund Source</b> <i>(in millions)</i>	FY 2015 Enacted	FY 2015 Gov. Rev.	FY 2016 Gov.	FY 2016 to Enacted
General Revenues	\$8.6	\$9.0	\$8.4	(\$0.2)
Federal Funds	42.2	51.5	38.2	(4.0)
Restricted Receipts	41.5	51.4	23.1	(18.4)
Other Funds	419.2	375.7	375.5	(43.7)
<b>Total</b>	<b>\$511.6</b>	<b>\$487.6</b>	<b>\$445.2</b>	<b>(\$66.4)</b>

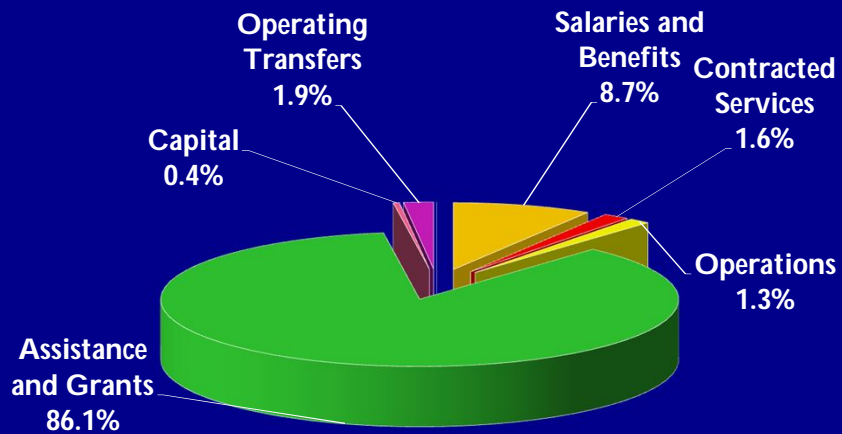
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## Governor's Major Changes to the Enacted Budget

<i>(All fund sources, in millions)</i>	FY 2015 Gov. Rev.	FY 2016 Gov. Rec.
General Revenue Jobs Programs	\$0.5	(\$0.3)
Unemployment Benefits	(\$32.6)	(\$34.5)
UI Loan Repayment	\$0.9	(\$25.5)
UI Consortium – new IT system	\$5.4	\$4.6
Temporary Disability Benefits	\$3.0	\$5.0
Temporary Caregiver Benefits	(\$11.5)	(\$10.0)

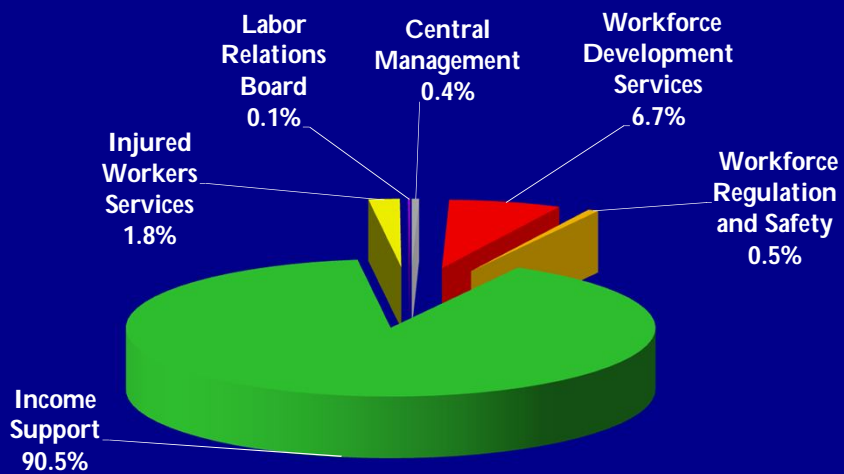
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## FY 2016 Summary by Category



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## FY 2016 Summary by Program



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## Target Budget

- Budget Office provided a general revenue target of \$8.8 million
  - Current service adjustments of \$160,212
  - 7.5% reduction of \$344,252
- Request includes a reduction of \$344,252 from job development grant expenses
  - Governor’s budget includes the reduction
- Request was \$1.6 million above the target

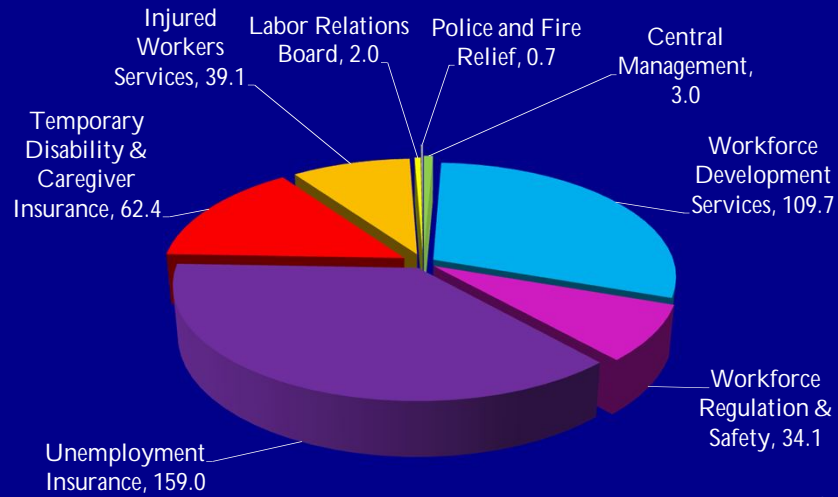
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## Full-Time Equivalent Positions

Full-Time Positions	FTEs	Chg to Enacted/ Governor
Enacted Authorization	410.0	-
FY 2015 Rev. Req./ Gov.	410.0	-
FY 2016 Req. / Gov. Rec.	410.0	-
FY 2014 average filled	383.2	(26.8)
FY 2015 YTD average filled	382.6	(27.4)
Filled as of April 4, 2015	387.0	(23.0)

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## Positions by Program – Gov. 2016



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## Staffing Expenses

<i>(in millions)</i>	Enacted	FY 2015 Gov. Rev.	Change to Enacted	FY 2016 Gov. Rec.	Change to Enacted
Gen. Rev.	\$3.2	\$3.3	\$0.1	\$3.3	\$0.1
Federal	20.7	20.5	(0.2)	20.6	(0.1)
Restricted	8.5	9.8	1.3	8.8	0.3
TDI funds	5.7	6.0	0.3	6.1	0.4
<b>All Funds</b>	<b>\$38.1</b>	<b>\$39.6</b>	<b>\$1.5</b>	<b>\$38.8</b>	<b>\$0.7</b>
<b>Positions</b>	<b>410.0</b>	<b>410.0</b>	<b>-</b>	<b>410.0</b>	<b>-</b>

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## Statewide Salary & Benefit Changes

- For FY 2015 revised: the Governor reduces general revenues by \$11,254
  - Medical benefit savings – benefit holiday
- Cost-of-living adjustments add:
  - FY 2015: \$1.2 million, \$0.1 million gen. rev
  - FY 2016: \$1.5 million, \$0.2 million gen. rev.

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## Unemployment Insurance Staffing History

Budget	Change	UI FTEs	U Rate
FY 2008 Final	-	97.7	7.6%
FY 2009 Final	43.1	140.8	10.9%
FY 2010 Final	65.8	206.6	11.7%
FY 2011 Enacted/Final	6.0	212.6	11.7-11.3%
FY 2012 Final	9.3	221.9	10.4%
FY 2013 Final	(43.4)	178.5	9.2%
FY 2014 Final	(25.8)	152.7	7.7%
FY 2015 Gov. Rev.	6.3	159.0	6.3%
FY 2016 Governor	-	159.0	

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## UI Staffing

- Governor includes 159.0 positions for UI
  - Consistent with request, 6.3 above enacted
- Not all UI employees are in call center
  - Also adjudication, fraud, overpayments, benefit charges, combined wage claims, Work Share
- Authorized overtime, 4-6 days a week
  - Optional, about 30-50% staff participate daily
  - Called former UI/call center employees back to help process claims

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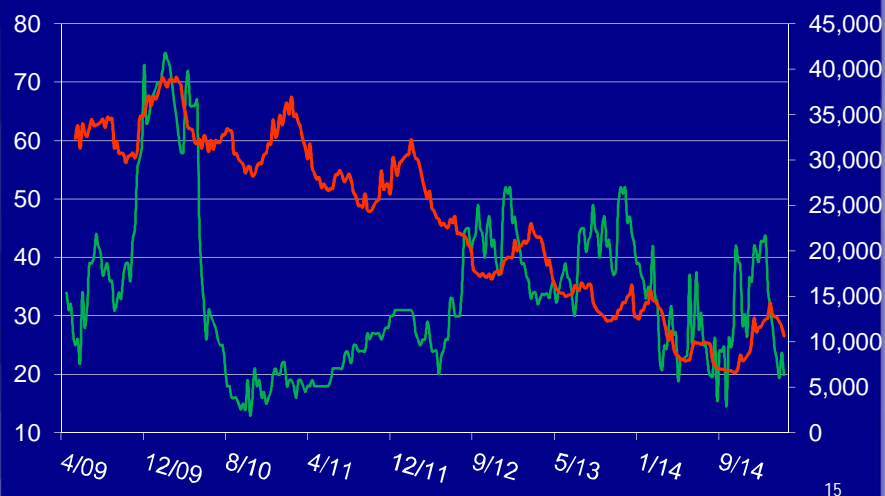
## UI Call Center & Unemployment Rate

- Phone wait time averaged 37 min. in FY 2014
  - Averaged 41 minutes in FY 2013
  - Averaging 29.4 minutes so far in FY 2015
  - 20 minutes in most recent weekly report
- 6.3% = 34,786 people seeking employment

Unemployment Rate	February 2015	Peak
Rhode Island	6.3 %	11.3%
New England	5.3 %	8.5%
United States	5.5 %	10.0%

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## Average Telephone Wait Time (in minutes on left) and UI Claimants (on right)



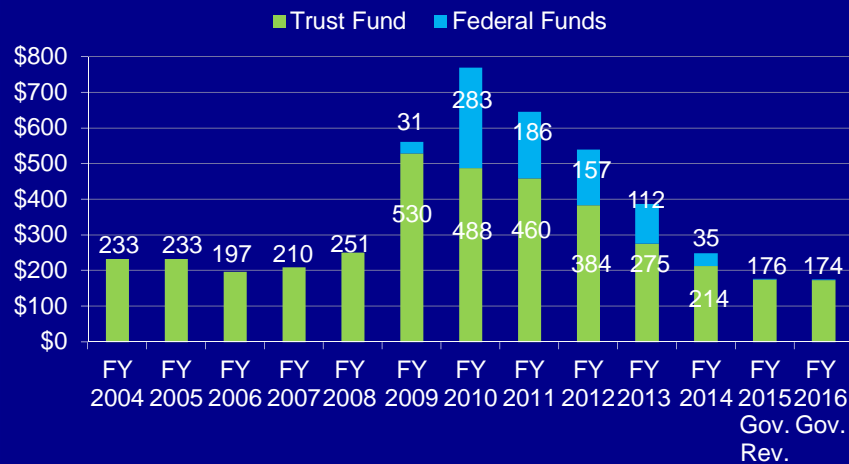
## Unemployment Insurance Benefits

Gov.'s Budget	Federal	Trust Fund	Total
FY 2015	\$1.5	\$175.9	\$177.4
FY 2016	\$1.5	\$174.0	\$175.5
<i>(in millions)</i>			

- Request and Governor's budget assume 26 weeks of regular benefits paid from Trust Fund
- Federal benefits expired 12/28/2013; no phase-out
- Federal benefits shown are Work Share benefits



## Unemployment Insurance Benefits Payments History (in millions)



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## Work Share Benefits

- Provides a portion of a weekly UI payment to workers whose hours have been reduced
  - Employers avoid layoffs by reducing hours for a group rather than layoff some workers while others continue to work full-time
- Benefits normally paid from Trust Fund
- RI received federal funding; ends FY 2015
- Governor provides \$1.5 million from federal funds in both years, lag in reimbursements

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## Self-Employment Assistance

- Individuals collecting & likely to exhaust UI interested in starting their own business
  - Training and information to help them do it
  - Classroom: process to open business, pitfalls
  - Cannot be used for costs to start business
  - Continue to collect UI while in training
- Began in FY 2013, originally was to end in FY 2014, but extended through June 2015

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## Self-Employment Assistance

- Enacted budget has \$0.1 million, other fund
- Gov. includes \$45,890 in FY 2015, no funds from this award in FY 2016 since it ends
- DLT requested \$0.1 million from general revenues in both years to continue it
  - Included with lump sum request for the other general revenue jobs programs
- Gov. recommends \$0.8 million for those programs, not clear if this program is funded

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## Employment Security Fund

- RI began federal borrowing to pay UI benefits in March 2009
  - Borrowed interest free through FY 2010
- 2010 Assembly converted employers' 0.3% insolvency surtax into assessment on job development fund
  - Assessment can be used for loan & interest
  - Interest cannot come from benefit account

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## Employment Security Fund

- 2013 Assembly:
  - Sunset 0.3 percent assessment once loans repaid
  - Mandated remaining balance be deposited into Trust Fund for payment of benefits
- Final loan payments were made Nov. 5, 2014
- Enacted budget includes \$25.5 million for principal and interest payments
  - Gov. includes \$26.3 million
  - Reflects actual payments made

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## Loan Repayments

- Employers see reduced costs now because the loans were repaid
  - 0.3 percent assessment ended in CY 2014
  - Federal tax credit is restored for employers that pay federal taxes on time
- DLT estimates approximately \$9 million available in fund after loans repaid
  - May require approx. \$0.1 million for interest from subsequent cash flow borrowing

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## Loan Repayments

- State is borrowing (for cash flow only) from March-May and will owe interest in Sept.
  - First quarter taxes will pay back the borrowing
- Loan balance as of April 7: \$6.0 million
- Sufficient funds remain in account for the interest payment; can pay before Sept.
- Does not affect employers' costs
- Last year RI is anticipated to have to borrow
  - Trust Fund balance will continue to increase

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## UI Tax and Benefit System Funding

- RI in 3-state consortium: Mississippi & Maine
- Consortium awarded \$90 M for new system
  - \$60 million for the centralized system
  - \$10 million each state's specific program needs
- \$10.0 million provides staffing thru 9/30/2014
  - Equipment, contracts only thru 12/2014
- DLT subsequently received \$1.5 million in FFY 2015 for staffing, will exhaust Sept. 2015

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## UI Tax and Benefit System Funding

- For FY 2014, Gov. Chafee proposed:
  - To remove strict use of 0.3 % assessment funds
  - Transfer up to \$8 million into IT account
- For FY 2015, Gov. Chafee proposed:
  - Allow the appropriation of funds remaining after state's unemployment loans are repaid for new IT system for unemployment in DLT
- Neither was adopted by the Assembly

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## UI Tax and Benefit System Funding

- For FY 2016 budget, the Gov. proposes:
  - to allow the Assembly to appropriate funds remaining in the loan repayment account for the new IT system for unemployment in DLT
- New article submitted as an amendment
  - She included the funding from the account, but inadvertently omitted the required legislation
  - No specific funding in the article; supporting documents provide a schedule of expenditures

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## UI Tax and Benefit System Funding

<i>(in millions)</i>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Total</b>
Governor	\$2.0	\$1.5	\$2.5	\$2.0	\$8.0

- FY 2016 and FY 2017: staffing, staff training, new imaging system, work on tax portion of system
- FY 2018: complete tax portion of system, staff training, start of maintenance of new system
- FY 2019: maintenance costs to host vendor

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## UI Tax and Benefit System Funding

- DLT requested \$1.6 million from general revenues in FY 2016 for these expenses
  - Indicated approx. 8 positions would be filled
  - Did not include authorization for additional staff
  - Using existing staff, filling existing vacancies
- Governor included restricted receipts instead
- Article required to authorize use of the funds

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## UI Consortium Project

<i>(in millions)</i>	FY 2015 Enacted	FY 2015 Gov. Rev.	Change	FY 2016 Gov. Rec.	Change to Enacted
Salaries and Benefits	\$-	\$1.6	\$1.6	\$2.0	\$2.0
Contracts	1.3	4.6	3.3	3.6	2.3
<b>Total</b>	<b>\$1.3</b>	<b>\$6.2</b>	<b>\$4.9</b>	<b>\$5.6</b>	<b>\$4.3</b>
Federal	\$1.3	\$6.2	\$4.9	\$4.0	\$2.7
Restricted	-	-	-	1.6	1.6
<b>Total</b>	<b>\$1.3</b>	<b>\$6.2</b>	<b>\$4.9</b>	<b>\$5.6</b>	<b>\$4.3</b>

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## UI Administration

<i>(in millions)</i>	Enacted	FY 2015 Gov. Rev.	Change	FY 2016 Gov. Rec.	Chg to Enacted
Sal & Ben	\$13.4	\$13.5	\$0.1	\$13.3	(\$0.1)
Contracted	0.8	1.5	0.7	0.6	(0.2)
Operations	1.7	1.6	(0.1)	1.4	(0.3)
Capital	0.0	1.4	1.4	0.1	0.1
<b>Total</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>\$2.0</b>	<b>\$15.4</b>	<b>(\$0.5)</b>
Federal	\$12.9	\$13.5	\$0.6	\$12.1	(\$0.8)
Restricted	3.0	4.4	1.4	3.3	0.3
<b>Total</b>	<b>\$15.9</b>	<b>\$17.9</b>	<b>\$2.0</b>	<b>\$15.4</b>	<b>(\$0.5)</b>

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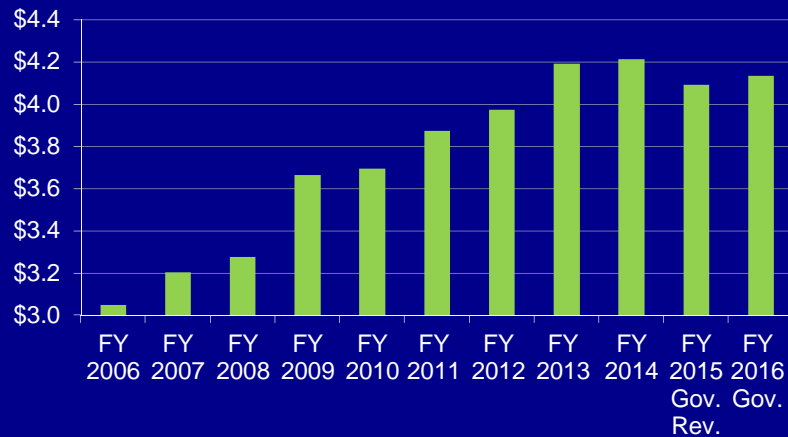
## Police and Fire Relief Fund

- Governor includes \$4.1 million in both years
  - Same as requests, \$0.1 million less than enacted
- \$3.5 million for annuities/pensions
- \$0.6 million for tuition
  - Assumes no tuition increase, fewer students
- Annuity: \$3,600 per year for surviving spouse, \$1,200 per year for dependent child
- Undergraduate tuition to URI, RIC, or CCRI

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## Police and Fire Relief Benefit Payments History (in millions)



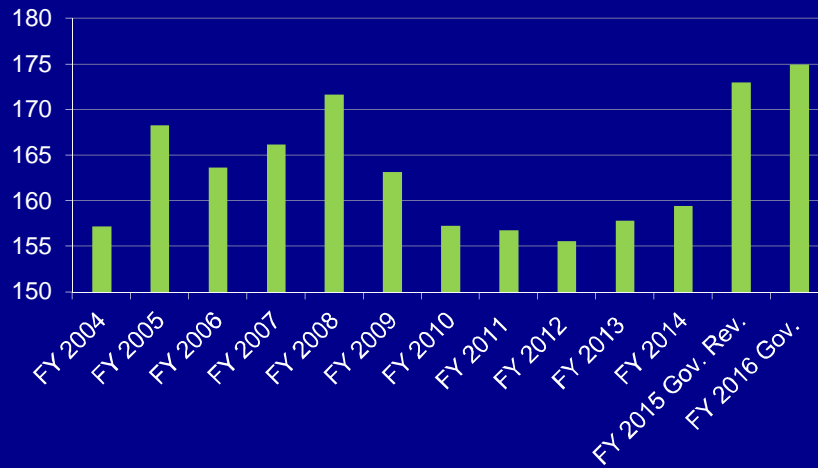
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## Temporary Disability Insurance

- Funded entirely by RI worker contributions
- Only 4 other states and Puerto Rico have TDI
  - New York, New Jersey, California and Hawaii
- Effective January 1, 2015, 1.2% is deducted from the first \$64,200 earned
- Governor includes benefit payments of \$173.0 million in FY 2015, \$175.0 million in FY 2016
  - \$159.4 million was spent in FY 2014

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## Temporary Disability Insurance Benefit Payments History (in millions)



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## Temporary Caregiver Insurance

- Allows up to 4 weeks of benefits to care for:
  - A seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or
  - To bond with a newborn child, new adopted child or new foster care child
- Maximum of 4 weeks in a benefit year
- Governor includes \$8.5 million in FY 2015 and \$10.0 million in FY 2016
  - \$2.7 million was spent in FY 2014 (Jan-June)

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## Temporary Caregiver Insurance

Jan 2014 – Mar 2015	Approved Claims	Payments Issued	Benefits Paid
Bond with a Child	3,673	12,826	\$6,356,221
Illness	1,287	4,470	\$1,998,169
<b>Total</b>	<b>4,960</b>	<b>17,296</b>	<b>\$8,354,390</b>

- Same benefit amount as TDI program
  - Replaces about 60% of gross weekly pay
  - Subject to state and federal income taxes; TDI is not
  - Must contribute to TDI to be eligible
- 2 of the 4 other TDI states have similar programs: California and New Jersey

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## Temporary Caregiver Insurance

	FY 2014 Spent	FY 2015 Gov. Rec.	FY 2016 Gov.	Change to Revised
Administration				
Salaries/Benefits	\$0.1	\$0.9	\$1.0	\$0.03
Operations	0.02	0.02	0.02	0.0
<b>Admin. Subtotal</b>	<b>\$0.1</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$0.03</b>
Benefit Payments	2.7	8.5	10.0	1.5
<b>Total (in millions)</b>	<b>\$2.7</b>	<b>\$9.5</b>	<b>\$11.0</b>	<b>\$1.5</b>
FTEs	7.0	10.0	10.0	-

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## Temporary Caregiver Insurance

- Allocates 3.0 additional positions from DLT for a total of 10.0 for FY 2015 and FY 2016
  - Originally based on other states' experiences
- Staffing levels are higher than anticipated, while amount of benefit payments are lower
- Request and Gov. include admin expenses consistent with FY 2014 expenditures
  - Program only operated half of that fiscal year
  - Budget may underfund operating expenses

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## Workforce Investment Act Grants

- Enacted budget: \$8.0 million federal funds
- Gov. includes \$12.3 million for FY 2015
  - Primarily carried forward funding
- Gov. includes \$5.8 million for FY 2016
  - Assumes fewer unspent funds carried forward
- Awards for adults, youth, dislocated workers

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## Other Workforce Development Grants

Program <i>(in millions)</i>	FY 2015 Enacted	FY 2015 Gov. Rev.	FY 2016 Gov. Rec.	Change to Enacted
Trade Adjustment	\$3.8	\$2.0	\$1.8	(\$2.0)
Disability Employ.	0.2	1.5	0.3	0.1
Veterans	0.1	0.1	0.1	(0.0)
Seniors	0.5	0.5	0.5	0.0
TANF Related	1.1	1.4	0.4	(0.7)
All Other	0.8	1.2	0.6	(0.2)
<b>Total</b>	<b>\$6.4</b>	<b>\$6.8</b>	<b>\$3.6</b>	<b>(\$2.8)</b>

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## Human Resource Investment Council/ Governor's Workforce Board

<i>(in millions)</i>	Restricted Receipts
FY 2012 Spent	\$3.3
FY 2013 Spent	4.2
FY 2014 Spent	6.4
FY 2015 Enacted	7.7
<b>FY 2015 Gov. Rev.</b>	<b>\$11.9</b>
<i>Change to Enacted</i>	4.2
<b>FY 2016 Gov. Rec.</b>	<b>\$7.9</b>
<i>Change to Enacted</i>	0.2
<i>Change to Revised</i>	(4.0)

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## Demand-Driven Workforce Development

- Supporting documents to Governor's budget reference a plan to:
  - realign workforce training efforts with emphasis on employers' needs to train people for positions that currently exist
  - use performance measurements to optimize the use of existing workforce development funding
- Administration indicates no legislation needed
- \$31.7 million in budget for job programs

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## 2013 Jobs Programs

- Several job development programs included in Article 15 by the 2013 Assembly
- Enacted includes \$1.1 million gen. rev.
  - Grants and awards for training, employment
  - Lump sum funding for all programs
- Request includes specific funding for specific projects in FY 2015, though all together
  - Governor does not recommend specific funding levels, but an overall funding total

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## 2013 Jobs Programs

<i>(in millions)</i>	General Revenues
FY 2014 Final	\$0.7
FY 2014 Spent	\$0.3
FY 2015 Enacted	\$1.1
FY 2015 Revised	\$1.6
FY 2015 Gov. Rev.	\$1.6
FY 2016 Request	\$1.1
FY 2016 Governor	\$0.8
Gov. change to Request	(\$0.4)

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## 2013 Jobs Programs

	FY 2014 Spent	FY 2015 Enacted	FY 2015 Gov. Rev.	FY 2016 Request
Work Immersion	0.2	\$0.5	\$1.2	\$0.9
Apprenticeships	0.0	0.2	0.1	0.2
Back to Work RI*	0.1	0.4	0.2	-
Child Care*	0.01	0.1	0.1	-
Self-Employment	-	-	0.1	0.1
Summer Youth	-	-	-	-
<b>Total (in millions)</b>	<b>\$0.3</b>	<b>\$1.1</b>	<b>\$1.6</b>	<b>\$1.1</b>
<i>* End in FY 2015</i>				

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## 2013 Jobs Programs

### *Work Immersion Program*

- Up to 200 hours training for up to 10 weeks
  - Employer pays the individual; reimbursed up to 50% of the costs of employing the individual
    - Up to 75% if person is hired after program
- Two components: college students and unemployed adults
  - Partnering with the student loan authority, bRIdge.jobs, and other groups to promote it

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## Work Immersion

	FY 2014	FY 2015 thru Feb.	Total
Expenditures Accrued	\$265,375	\$92,248	<b>\$357,623</b>
Employer Partners	114	<b>118</b>	<b>232</b>
Unemployed Participants	77	125	202
College Participants	218	133	351
Number Hired	54	<b>24</b>	<b>78</b>

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## 2013 Jobs Programs

### *Non-trade Apprenticeship*

- Employer pays individual, is not reimbursed
- GWB approved two proposals in Nov. 2013
  - Computer drafting/coding in marine trades & manufacturing; white collar construction jobs
- Currently developing the curriculum plans
  - Both classroom and hands-on training
  - Will present to the State Apprenticeship Council; once approved, they can begin

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## 2013 Jobs Programs

### *Back to Work RI (Jan - Dec 2014)*

- Individuals continue UI benefits while in unpaid work experience/training, up to 6 weeks
- Request included \$0.2 million in FY 2015 and shifted 3.0 positions elsewhere in Department
- 78 people served while pursuing the program
  - 57 hired while applying, before training
  - 20 people participated in training experience
    - 9 hired by training employer, 7 hired by other

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## 2013 Jobs Programs

### *Child Care (Oct. 1, 2013 – June 30, 2015)*

- Allows parent with income < 180% of federal poverty level attending certain job readiness programs access to subsidized child care
  - If child care is required for participation
- Request includes \$0.1 million in FY 2015
- Number of parents who have accessed this benefit is 25

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## Other Jobs Programs

### *Self-Employment Program*

- Individuals collecting & likely to exhaust UI interested in starting their own business
- Request includes \$0.1 million from general revenues in both years for this program
  - UI award ends in FY 2015
  - DLT feels it has been successful, continues it
- Governor's recommendation does not specify if this is funded, does not explicitly exclude it

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## Other Jobs Programs

### *Summer Youth Employment Program*

- On-going program connecting youths 14 - 24 with work readiness, subsidized employment
- DLT requested \$0.5 million from federal TANF block grant funds for FY 2015
  - Because TANF was fully budgeted, enacted budget includes \$0.5 million federal WIA funds
  - Subsequently, determined that cannot use WIA for most of the youth participants

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## Other Jobs Programs

### *Summer Youth Employment Program*

- In December, DLT indicated it spent \$0.4 million from gen. rev. from this account
  - DLT was able to access \$0.1 million TANF funds from DHS to offset some costs
- This was not included in the request
  - Takes funding away from the other programs
  - Governor's recommendation does not allocate the funding to specific programs

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## Capital Projects

- Gov. includes \$1.6 million for 2 projects in FY 2015
  - \$0.8 million for roof: other funds (UI, TDI, WC)
  - Approx. \$1.0 million from RICAP requested, but not included – bills had not been submitted
  - Expect amendment to add funding; not sure which year

<i>(in millions)</i>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Total</b>
Slate Roof	\$0.9	\$-	\$-	\$-	\$-	\$-	\$0.9
Asset Protection	\$0.8	\$1.5	\$1.5	\$1.0	\$0.5	\$0.5	\$5.8

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## Workers' Compensation

<b>Expenses (restricted receipts)</b>	<b>FY 2015 Enacted</b>	<b>FY 2015 Gov. Rev.</b>	<b>FY 2016 Gov.</b>	<b>FY 2016 to Enacted</b>
Salaries & Benefits	\$4.7	\$4.5	\$4.6	(\$0.1)
Second Injury Fund	2.3	1.7	1.6	(0.7)
Donley Center	1.6	1.8	1.8	0.1
Claims Monitoring & Data Processing	0.3	0.7	0.6	0.3
Education Unit	0.3	0.3	0.3	0.0
Self-Insurance	0.0	0.0	0.0	0.0
<b>Total (in millions)</b>	<b>\$9.3</b>	<b>\$9.0</b>	<b>\$8.9</b>	<b>(\$0.4)</b>
FTEs	42.1	39.1	39.1	(3.0)

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## Workforce Regulation & Safety

General Revenues	Enacted	FY 2015 Gov. Rev.	FY 2016 Gov. Rec.	FY 2016 to Enacted
Salaries & Benefits	\$2,572,267	\$2,661,164	\$2,792,046	\$219,779
Contracted	16,868	17,296	17,470	602
Operations	128,860	115,814	116,006	(12,854)
Capital	2,921	110	111	(2,810)
Total	\$2,720,916	\$2,794,384	\$2,925,633	\$204,717
FTEs	34.3	34.1	34.1	(0.2)

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## Labor Relations Board

- Governor includes \$0.4 million in both years
- Approx. \$267,000 for 2.0 full-time staff and \$46,000 for operations and legal services
- Seven-member Board including a chairperson
- As of March 31, 2015, all seats filled
  - All terms expired August 1, 2014
  - Gov. includes about \$76,400 for Board stipends
  - Two members currently decline the stipend

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## Labor Relations Board

- Gov. appointed 3 new members on April 10
  - Require advice and consent from Senate
- Represent: public, management, and local government
- 1 of the 2 members that does not collect stipend to be replaced
  - Budget assumes 2 members without the stipend
  - Stipend of \$12,751 for new board members

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## Department of Labor and Training

FY 2015 Revised, FY 2016 and Capital Budgets  
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