Department of Labor and Training

FY 2014 Revised, FY 2015 & Capital Budgets
Staff Presentation
March 18, 2014

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
• Income Support
  - UI, Temporary Disability Insurance, Police & Fire Relief
• Injured Worker Services
  - Workers’ Compensation Compliance, Education and Rehabilitation
• Labor Relations Board
Summary of Governor’s Recommendations

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>FY 2014 Enacted</th>
<th>FY 2014 Gov. Rev.</th>
<th>FY 2015 Gov.</th>
<th>FY 2015 to Enacted</th>
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</thead>
<tbody>
<tr>
<td>General Revenues</td>
<td>$9.1</td>
<td>$9.0</td>
<td>$9.2</td>
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<tr>
<td>Federal Funds</td>
<td>95.7</td>
<td>99.1</td>
<td>42.2</td>
<td>(53.5)</td>
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<td>Restricted Receipts</td>
<td>43.1</td>
<td>55.2</td>
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<td>Other Funds</td>
<td>444.6</td>
<td>424.6</td>
<td>419.2</td>
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<td>Total</td>
<td>$592.5</td>
<td>$587.9</td>
<td>$510.8</td>
<td>($81.7)</td>
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Governor’s Major Changes to the Enacted Budget

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>UI Salaries &amp; Benefits</td>
<td>$2.9</td>
<td>$0.9</td>
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<tr>
<td>Unemployment Benefits</td>
<td>($27.7)</td>
<td>($88.8)</td>
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<tr>
<td>UI Loan Repayment</td>
<td>$8.6</td>
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<td>UI Info. Technology Expenses</td>
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<td>$1.5</td>
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<tr>
<td>Article 15 - Jobs Program</td>
<td>$0.0</td>
<td>$0.4</td>
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<tr>
<td>Temporary Disability Benefits</td>
<td>$-</td>
<td>$5.0</td>
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<tr>
<td>Temporary Caregiver Benefits</td>
<td>$7.8</td>
<td>$20.0</td>
</tr>
</tbody>
</table>
FY 2015 Summary by Source

- General Revenues: 1.8%
- Federal Funds: 8.3%
- Restricted: 7.9%
- Other: 82.1%

FY 2015 Summary by Category

- Salaries and Benefits: 7.5%
- Contracted Services: 0.9%
- Operations: 1.0%
- Assistance and Grants: 83.7%
- Debt Service: 1.0%
- Operating Transfers: 5.6%
- Capital: 0.4%
Target Budget

- Budget Office provided a general revenue target of $8.8 million
  - Current service adjustments of $42,645
  - 7% reduction of $340,719
- Request met target by:
  - Reducing UI legal fee payouts (restricted receipts)
  - Shifting general revenue funded positions to restricted receipts and traditional turnover
  - Reduce Article 15 grant expenses
Statewide Savings

• FY 2014 revised: $16,042
  - Medical benefit savings - benefit holiday
• FY 2015: $16,569
  - Medical benefit savings
  - Retiree health

Full-Time Equivalent Positions

• Gov. includes 410.0 FTEs in both years
  - 18.0 positions more than enacted authorization
  - Consistent with requests
• Includes:
  - 7.0 New Temporary Caregiver Insurance
  - 7.0 UI Division
  - 3.0 Back to Work RI Pilot Program
  - 1.0 Workers’ Comp. Medical Records Tech
### Full-Time Equivalent Positions

<table>
<thead>
<tr>
<th>Full-Time Positions</th>
<th>FTEs</th>
<th>Chg to Enacted</th>
<th>Chg to FY 2015 Gov.</th>
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</thead>
<tbody>
<tr>
<td>Enacted Authorization</td>
<td>392.0</td>
<td>-</td>
<td>(18.0)</td>
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<tr>
<td>FY 2014 Rev. Req./ Gov.</td>
<td>410.0</td>
<td>18.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2015 Req. / Gov. Rec.</td>
<td>410.0</td>
<td>18.0</td>
<td>-</td>
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<tr>
<td>FY 2013 Average filled</td>
<td>389.4</td>
<td>(2.6)</td>
<td>(20.6)</td>
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<tr>
<td>Filled as of March 8, 2014</td>
<td>378.6</td>
<td>(13.4)</td>
<td>(31.4)</td>
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</table>

### Positions by Program – Gov. 2015

- **Injured Workers Services, 42.1**
- **Labor Relations Board, 2.0**
- **Police and Fire Relief, 0.7**
- **Central Management, 2.5**
- **Workforce Development Services, 126.6**
- **Temporary Disability & Caregiver Insurance, 54.8**
- **Unemployment Insurance, 153.7**
- **Workforce Regulation & Safety, 27.6**
## Staffing Expenses

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Gen. Rev.</td>
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<td>$3.5</td>
<td>$0.2</td>
<td>$3.3</td>
<td>($0.1)</td>
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<tr>
<td>Federal</td>
<td>20.9</td>
<td>22.9</td>
<td>2.0</td>
<td>20.7</td>
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<tr>
<td>Restricted</td>
<td>7.5</td>
<td>7.9</td>
<td>0.4</td>
<td>8.5</td>
<td>1.0</td>
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<tr>
<td>TDI funds</td>
<td>4.6</td>
<td>5.2</td>
<td>0.6</td>
<td>5.7</td>
<td>1.1</td>
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<td>All Funds</td>
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<td>$39.6</td>
<td>$3.2</td>
<td>$38.2</td>
<td>$1.9</td>
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<tr>
<td>Positions</td>
<td>392.0</td>
<td>410.0</td>
<td>18.0</td>
<td>410.0</td>
<td>18.0</td>
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</table>

## Unemployment Insurance Staffing History

<table>
<thead>
<tr>
<th>Budget</th>
<th>Change</th>
<th>UI FTEs</th>
<th>U Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008 Final</td>
<td>-</td>
<td>97.7</td>
<td>7.6%</td>
</tr>
<tr>
<td>FY 2009 Enacted</td>
<td>27.8</td>
<td>125.5</td>
<td>7.9%</td>
</tr>
<tr>
<td>FY 2009 Final</td>
<td>15.3</td>
<td>140.8</td>
<td>10.9%</td>
</tr>
<tr>
<td>FY 2010 Enacted</td>
<td>30.0</td>
<td>170.8</td>
<td>11.1%</td>
</tr>
<tr>
<td>FY 2010 Final</td>
<td>35.8</td>
<td>206.6</td>
<td>11.7%</td>
</tr>
<tr>
<td>FY 2011 Enacted/Final</td>
<td>6.0</td>
<td>212.6</td>
<td>11.7-11.3%</td>
</tr>
<tr>
<td>FY 2012 Enacted</td>
<td>-</td>
<td>212.6</td>
<td>11.4%</td>
</tr>
<tr>
<td>FY 2012 Final</td>
<td>9.3</td>
<td>221.9</td>
<td>10.4%</td>
</tr>
<tr>
<td>FY 2013 Enacted</td>
<td>(7.6)</td>
<td>214.3</td>
<td>10.3%</td>
</tr>
</tbody>
</table>
## Unemployment Insurance Staffing History

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
<th>Change</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013 Enacted</td>
<td></td>
<td>(7.6)</td>
<td>214.3</td>
</tr>
<tr>
<td>July 2012</td>
<td>Lay off</td>
<td>(52.2)</td>
<td>162.1</td>
</tr>
<tr>
<td>Aug-Oct 2012, Jan. 2013</td>
<td>Rehire</td>
<td>33.0</td>
<td>195.1</td>
</tr>
<tr>
<td>FY 2013 Gov. Rev.</td>
<td>Elim. 36.2, transfer in 19.6 from WDS</td>
<td>(16.6)</td>
<td>178.5</td>
</tr>
<tr>
<td>FY 2014 Gov./Enacted</td>
<td>Lay off - July 1</td>
<td>(30.0)</td>
<td>148.5</td>
</tr>
</tbody>
</table>

- Not all UI employees are in call center
  - Also adjudication, fraud, overpayments, benefit charges, combined wage claims, WorkShare

## UI Staffing Since July 2013

- Expected to lay off 30.0 FTEs on July 1
  - FTEs were reduced, all vacancies in DLT gone
  - No effect on UI/call center; no layoffs
- Expected to lay off 22.0 FTEs Sept. 30
  - Received additional federal funds to keep staff
- Delayed layoffs to Feb. 1; only 15.0 FTEs
  - Filled new or vacant positions within DLT
  - Dec. through Feb.; no actual layoffs
  - Includes 7.0 to Temporary Caregiver Program
UI Staffing Since July 2013

- Authorized overtime, 6 days a week
  - Optional, about 30-50% staff participate daily
- Called former UI/call center employees back to help process claims
- Exhausted list of potential/former workers
- TDI and TCI staff with UI/call center experience doing UI overtime
- DLT hiring 9 part-time employees

Unemployment Insurance Call Center

- Phone wait time averaged 41 min. in FY 2013
  - Averaging 40 minutes so far in FY 2014
  - 32 minutes in most recent weekly report
  - Not all new claimants, not tracked separately
- Seasonal impact greater than usual
  - Seasonal layoffs & shutdowns, school vacation weeks
  - Triggered onto a federal benefit tier in December, before ending all federal benefits on 28th
  - Transferred 7.0 staff to TCI program in December
UI Call Center - Average Telephone Wait

Average Telephone Wait Time (in minutes)

Unemployment Insurance

<table>
<thead>
<tr>
<th>Unemployment Rate</th>
<th>January 2014</th>
<th>Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island</td>
<td>9.2%</td>
<td>11.9%</td>
</tr>
<tr>
<td>New England</td>
<td>6.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>United States</td>
<td>6.6%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

- 9.2% = 50,600 people seeking employment
- RI’s unemployment rate peaked at 11.9% from Dec. 2009 thru March 2010
  - U.S. peaked at 10.0% in October 2009
  - New England peaked at 8.7%: Dec-09 thru Mar-10
Unemployment Insurance

• Unemployment benefits are financed through taxes levied on RI employers
• Revenues collected from state UI taxes are managed in a trust fund administered at the federal level
• Employers pay varying rates, based on experience and layoff history
  - Each employer has a separate account

Unemployment Insurance Taxes

• Employer’s rate is calculated using 3 years of employer’s payroll data and employer’s current account balance
  - Tax rates range from 1.69 to 9.79 percent of taxable wage base ($20,600 in CY 2014)
  - Employers with highest tax rate also have $1,500 added to their taxable wage base
Unemployment Insurance Benefits

<table>
<thead>
<tr>
<th>Gov.'s Budget</th>
<th>Federal Funds</th>
<th>Trust Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>$48.4</td>
<td>$261.4</td>
<td>$309.8</td>
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<tr>
<td>FY 2015</td>
<td>$-</td>
<td>$234.1</td>
<td>$234.1</td>
</tr>
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</table>

(in millions)

- Request and Governor’s budget assume only 26 weeks of regular benefits as of 12/29/2013
- Federal benefits expired 12/28; no phase-out
- Now only up to 26 weeks of regular benefits
  - Paid from Trust Fund

Short-Term Employment Benefits

- RI already administers this program
  - Called WorkShare in RI
- Provides a portion of a weekly UI payment to workers whose hours have been reduced
  - Helps employers avoid layoffs by reducing hours for group of employees rather than layoff some while others continue to work full-time
- Benefits normally paid from Trust Fund
Short-Term Employment Benefits

- R.I. received federal funding for this program
  - Available for expenses back to Feb. 2012
  - Allows for full federal benefits, some limitations
  - Federal reimbursements end Aug. 22, 2015
  - Program will continue, funded from Trust Fund

- DLT requests $2.4 million in both years
  - $0.8 million less than enacted: sequestration, use
  - Governor includes requested amount
  - Saves payments from Trust Fund

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
- Gov. includes $0.1 million in both years
Unemployment Insurance Benefits Payments History (in millions)

Employment Security Fund

• UI taxes are paid by employers into a Trust Fund to finance benefit payments
• Federal tax pays admin. costs, loans and advances, and reimburse for extended benefits
• State employer tax pays benefits only
Employment Security Fund

- RI has received advances totaling $818.5 million from federal account as of March 3
- Loan balance as of March 3: $122.9 million
- Borrowed interest free through CY 2010
- DLT has made interest payments of:
  - $7.1 million in September 2011
  - $7.6 million in September 2012
  - $5.0 million in September 2013

Loan Repayments

- For FY 2014:
  - Gov. includes $5.0 million for the interest payment and $26.1 million for principal
  - $15.0 million principal payment made Oct. 2013
- For FY 2015:
  - Gov. includes $5.0 million for the interest payment and $15.5 million for principal
  - Loans estimated to be paid off by Nov. 2014
  - Employers see reduced costs once loans repaid
Loan Repayment Assessment

- 2010 Assembly converted employers’ 0.3% insolvency surtax into assessment on job development fund
  - Suspended surtax while loans were interest free
  - Surtax to have started in Jan. 2011, principal only
- Assessment can be used for loan & interest
- Required interest payments cannot otherwise come from Unemployment Insurance benefit account

Loan Repayment Assessment

- For FY 2014 budget, the Gov. proposed:
  - To remove strict use of funds
  - Transfer up to $8 million into IT account for DLT between FY 2013 and FY 2015
  - Was Article 14 in his recommendation
- The Assembly did not concur
Loan Repayment Assessment

- 2013 Assembly:
  - Sunset the 0.3 percent assessment after UI loans are repaid
  - Mandated remaining balance from 0.3 percent assessment be deposited into Trust Fund for payment of benefits
- Updated estimates indicate approximately $21 million available in FY 2015

Article 11 – Loan Repayment

- Hearing was February 6
- Allows the appropriation of funds remaining after state’s unemployment loans are repaid to be used towards new IT system for unemployment in DLT
- Current law requires all remaining funds be deposited into Trust Fund to pay benefits
Article 11 – Loan Repayment

- 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
  - function in a cloud environment, online
- $10.0 million provides staffing thru 9/30/2014
  - No federal funds for staff as of 10/2014
  - Equipment, contractors thru 12/2014

- $4.8 million is updated estimated cost for staffing from 10/1/2014 thru FY 2019
  - $0.8 million in FY 2015
  - $1.0 million annually FY 2016-19
- Article has no assumed impact to the budget
- DLT’s request did not include extra funding or authorization for staff for this project
- Governor did not recommend any
UI Administration

<table>
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<tbody>
<tr>
<td>Sal &amp; Ben</td>
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<td>$14.5</td>
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<td>Operations</td>
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<td>Capital</td>
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<td>1.6</td>
<td>1.5</td>
<td>0.0</td>
<td>(0.1)</td>
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<td><strong>Total</strong></td>
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<td>$26.9</td>
<td>$11.9</td>
<td>$16.3</td>
<td>$1.3</td>
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<tr>
<td>Federal</td>
<td>$13.1</td>
<td>$24.8</td>
<td>$11.7</td>
<td>$14.2</td>
<td>$1.1</td>
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<tr>
<td>Restricted</td>
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<td>2.1</td>
<td>0.1</td>
<td>2.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$15.1</td>
<td>$26.9</td>
<td>$11.9</td>
<td>$16.3</td>
<td>$1.3</td>
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Federal UI Computer & IT Expenses

<table>
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</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>$0.1</td>
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<td>$0.0</td>
<td>($0.1)</td>
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<td>IT Services</td>
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<td>1.9</td>
<td>1.5</td>
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<tr>
<td>Maintenance</td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
<td>0.4</td>
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<tr>
<td><strong>Total</strong></td>
<td>$0.8</td>
<td>$9.9</td>
<td>$9.1</td>
<td>$2.3</td>
<td>$1.5</td>
</tr>
</tbody>
</table>

- UI consortium: $7.5 million in FY 2014 and $1.3 million in FY 2015
- Remainder for other special IT projects and upgrades
- Governor’s budget is consistent with requests
Police and Fire Relief Fund

- Applies when a police officer, firefighter or crash rescue person has disabling injury or dies due to the performance of their duty
  - State provides education and annuity benefits for widow and dependents of deceased worker
  - Education benefits for injured worker
- Annuity: $3,600 per year for surviving spouse, $1,200 per year for dependent child
- Undergraduate tuition to URI, RIC, or CCRI

Police and Fire Relief Fund

- Gov. includes $4.2 million in both years
  - Consistent with enacted level and requests
  - 1.1% growth from FY 2013 expenditures
- $3.5 million for annuities/pensions
- $0.7 million for tuition
  - Assumes no tuition increase
Police and Fire Relief Benefit Payments History (in millions)

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, 2014, 1.2% is deducted from the first $62,700 earned
- Does not reflect any impacts of TCI program
- Governor includes benefit payments of $165.0 million in FY 2014, $170.0 million in FY 2015
Temporary Disability Insurance Benefit Payments History (in millions)

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
- Available for claims starting Sun. Jan. 5th
  - 807 claims filed thru March 5; not all approved
  - Approx. 75% for child bonding
Temporary Caregiver Insurance

- Same benefit amount as TDI program
  - Replaces about 60% of gross weekly pay
  - Benefit payments are subject to federal and state income taxes, while TDI benefits are not
  - Must contribute to TDI to be eligible
- No expenditures assumed in enacted budget
  - Assembly passed bill after budget was enacted
- 2 of the 4 other TDI states have similar programs: California and New Jersey

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries/ Benefits</td>
<td>$0.4</td>
<td>$0.6</td>
<td>$0.3</td>
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<tr>
<td>Operating Costs</td>
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<td>0.1</td>
<td>0.1</td>
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<tr>
<td><strong>Admin. Subtotal</strong></td>
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<td><strong>$0.7</strong></td>
<td><strong>$0.3</strong></td>
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<tr>
<td>Benefit Payments</td>
<td>7.8</td>
<td>20.0</td>
<td>12.2</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td><strong>$8.2</strong></td>
<td><strong>$20.7</strong></td>
<td><strong>$12.5</strong></td>
</tr>
<tr>
<td>FTEs</td>
<td>7.0</td>
<td>7.0</td>
<td>-</td>
</tr>
</tbody>
</table>
Temporary Caregiver Insurance

- Benefits are paid from TDI Trust Fund
- Increased taxes likely in CY 2015
  - Higher payments out of Trust Fund require increased revenues to maintain required reserve
- Estimated 0.1 percentage point increase
  - From 1.2% to 1.3% of up to $62,700
  - Increase of $62.70 for those earning $62,700+
- Taxable wage base may also increase

Workforce Investment Act Grants

- Enacted budget: $5.3 million federal funds
- Gov. includes $9.5 million for FY 2014
  - Carried forward & $0.9 million for 2 new grants
    - $0.6 million for dislocated workers
    - $0.3 million for supports in training, technology and data analysis for staff
- Gov. includes $7.4 million for FY 2015
  - $0.7 million from the 2 new grants
  - Assumes fewer unspent funds carried forward
Trade Adjustment Assistance

- Federally funded program to help workers whose job loss was due to foreign trade
- Increase in funding reflects available funds, not necessarily higher utilization or costs

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</thead>
<tbody>
<tr>
<td>Weekly benefit allowances</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$-</td>
</tr>
<tr>
<td>Education &amp; training</td>
<td>$1.6</td>
<td>2.2</td>
<td>3.6</td>
<td>2.0</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3.3</strong></td>
<td><strong>$3.9</strong></td>
<td><strong>$5.3</strong></td>
<td><strong>$3.7</strong></td>
<td><strong>($0.2)</strong></td>
</tr>
</tbody>
</table>

Other Workforce Development Grants

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Quality</td>
<td>$0.2</td>
<td>$0.5</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Disability Employ</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Summer Youth</td>
<td>0.6</td>
<td>0.6</td>
<td>0.0</td>
<td>0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Hurricane Sandy</td>
<td>0.6</td>
<td>0.8</td>
<td>0.2</td>
<td>-</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

(continued)
### Other Workforce Development Grants

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Workforce Innovation Fund</td>
<td>0.6</td>
<td>1.2</td>
<td>0.6</td>
<td>0.6</td>
<td>0.0</td>
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<tr>
<td>Senior Community Service Employment</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0</td>
<td>0.5</td>
<td>(0.0)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2.6</strong></td>
<td><strong>$3.7</strong></td>
<td><strong>$1.2</strong></td>
<td><strong>$2.0</strong></td>
<td><strong>($0.5)</strong></td>
</tr>
</tbody>
</table>

### New Workforce Development Grant

- **New award of $100,000 over FY 2014-2015**
  - For the On-Ramps to Career Pathways program
- **Not included in requests because awarded after submission**
- **Governor includes $25,000 in FY 2014 and $75,000 in FY 2015**
  - Budgetary classification of “other funds” which may require a technical correction
Human Resource Investment Council/ Governor’s Workforce Board

<table>
<thead>
<tr>
<th>Creation</th>
<th>HRIC</th>
<th>GWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members</td>
<td>15, all part of GWB</td>
<td>17</td>
</tr>
<tr>
<td>Administers</td>
<td>0.21% of the Job Development Fund Assessment</td>
<td>Federal Workforce Investment Act (WIA) Funds</td>
</tr>
<tr>
<td>Statewide Workforce Investment</td>
<td>All workforce planning, except WIA</td>
<td>All workforce planning for state</td>
</tr>
</tbody>
</table>

- Beginning in FY 2001, 0.21% assessment of employers payroll taxes
- Called the Job Development Fund
  - 0.02% is dedicated to Unemployment Insurance and Employment Services core operations
  - 0.19% supports coordination & funding of training programs for RI workers and businesses, operations of Council/Board
Human Resource Investment Council/ Governor’s Workforce Board

- Employee training grants are made available to companies located in Rhode Island
  - Train potential or existing employees
- Adult Education funding to RI Dept. of Ed.
- Youth workforce development programs
- Pre-employment training programs
- Industry Partnerships

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Restricted Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 Spent</td>
<td>$3.3</td>
</tr>
<tr>
<td>FY 2013 Spent</td>
<td>4.2</td>
</tr>
<tr>
<td>FY 2014 Enacted</td>
<td>7.0</td>
</tr>
<tr>
<td>FY 2014 Gov. Rev.</td>
<td>$10.7</td>
</tr>
<tr>
<td>Change to Enacted</td>
<td>3.7</td>
</tr>
<tr>
<td>FY 2015 Gov. Rec.</td>
<td>$6.4</td>
</tr>
<tr>
<td>Change to Enacted</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Change to Revised</td>
<td>(4.3)</td>
</tr>
</tbody>
</table>
2013 Job Development Programs

• Several job development programs included in Article 15 by the 2013 Assembly
• Enacted includes $1,250,000 general revenues
  - Grants and awards for training, employment
  - Lump sum funding for all programs, no staffing
• DLT requested enacted level in both years
  - Shifts $0.2 million from grants and awards to support 3.0 new positions for Back to Work RI
  - Constrained request reduces grants by $87,500

2013 Job Development Programs

• Gov. funds mainly as requested in FY 2014
  - Removes statewide savings for the 3.0 new FTEs
• Governor adds $412,500 more than enacted for unspecified program expenses in FY 2015
  - Also removes statewide savings for 3.0 positions
• Request includes specific funding for specific projects, though all are in one account
  - Governor did not recommend specific funding levels, but an overall funding total
2013 Job Development Programs

Back to Work RI

• Allows individuals to continue collecting UI benefits while participating in unpaid work experience training activities for up to 6 weeks
• From Oct. 1, 2013 through Dec. 31, 2014
• Program did not begin until Jan. 2014
  - 5 participants so far, started Feb. 27 or later
  - 9 were preparing for this program, but found paid employment with other DLT resources

2013 Job Development Programs

• DLT requests $0.5 million for this portion
  - Shifted $0.2 million from awards for 3.0 staff
• Trained its 3.0 new FTEs in December
  - Includes a part-time manager to operate program
• Staff visited 75 employers in 10 weeks
  - 7 completed required paperwork to participate
• Work experience training fairs in March
  - For employers & individuals seeking work
2013 Job Development 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
• DLT requests $0.5 million for this portion

2013 Job Development Programs

• College students:
  - 9 students participated in the fall semester
  - 64 students participating this spring semester
  - Partnering with the student loan authority, bRidge.jobs, and other groups to promote it
• Adults:
  - Program launched in January
  - 12 contracts signed; began mid- Feb. or March
2013 Job Development Programs

Non-trade Apprenticeship

- Employer pays individual, is not reimbursed
- GWB approved two proposals in Nov.
  - 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 in the spring; once approved, they can begin

Child Care

- 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
  - From October 1, 2013 through January 1, 2015
- Request includes $0.1 million
- Number of parents accessing this benefit so far is under twelve
2013 Job Development Programs

Jobs Match Program
- Computer and system upgrades to match up employers and potential employees
  - Also identify and address skills gaps
- Required to be operational by July 2, 2014
  - Department indicates it is on track
- DLT did not request funding for this portion
  - Planned similar upgrades anyways, adjusted plan

Article 16 – Task Force on Underground Economy & Employee Misclassification
- Heard February 6th
- Chaired by Labor & Training Director
  - Director: workforce regulation & safety division
- Stated duties:
  - Foster voluntary compliance thru education
  - Joint, targeted investigations and enforcement
  - Protect workers, restore competitive equality
Article 16 – Task Force on Underground Economy & Employee Misclassification

- Gov. includes $1.8 million in revenues
  - $1.0 million from income taxes
  - $0.8 million from fees and penalties
- Utilizes tax rates, fees and penalties in current state laws
- Does not add authority for investigation or enforcement, relies on existing laws

Other Programs

- Capital Projects
- Workers' Compensation
- Workforce Regulation and Safety
- Labor Relations Board
- Other
  - Statutory Reporting Requirements
  - Performance Management
  - Regulatory Reform and Review
Capital Projects

- Gov. includes $2.1 million for 2 projects in FY 2014
- $1.5 million for roof: RICAP, other funds (UI, TDI, WC)
- Includes $5.2 million from RICAP for asset protection in the 5-year plan, starting FY 2015

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Slate Roof</td>
<td>$1.5</td>
<td>$0.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2.0</td>
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<tr>
<td>Asset Protection</td>
<td>$0.6</td>
<td>$1.5</td>
<td>$1.5</td>
<td>$1.2</td>
<td>$1.0</td>
<td>$5.8</td>
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Workers’ Compensation

<table>
<thead>
<tr>
<th>Expenses (restricted receipts)</th>
<th>FY 2014 Enacted</th>
<th>FY 2014 Gov. Rev.</th>
<th>FY 2015 Gov.</th>
<th>FY 2015 to Enacted</th>
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<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$4.3</td>
<td>$4.4</td>
<td>$4.5</td>
<td>$0.2</td>
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<tr>
<td>Second Injury Fund</td>
<td>2.3</td>
<td>2.3</td>
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<tr>
<td>Donley Center</td>
<td>1.7</td>
<td>1.7</td>
<td>1.6</td>
<td>(0.1)</td>
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<tr>
<td>Claims Monitoring &amp; Data Processing</td>
<td>0.5</td>
<td>0.3</td>
<td>0.2</td>
<td>(0.2)</td>
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<tr>
<td>Education Unit</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.0</td>
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<tr>
<td>Self-Insurance</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td><strong>Total (in millions)</strong></td>
<td><strong>$9.1</strong></td>
<td><strong>$8.9</strong></td>
<td><strong>$9.0</strong></td>
<td><strong>($0.2)</strong></td>
</tr>
<tr>
<td>FT Es</td>
<td>41.1</td>
<td>42.1</td>
<td>42.1</td>
<td>1.0</td>
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Workforce Regulation & Safety

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$2,867,487</td>
<td>$2,857,401</td>
<td>$2,572,267</td>
<td>($295,220)</td>
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<tr>
<td>Contracted</td>
<td>9,825</td>
<td>16,704</td>
<td>16,868</td>
<td>7,043</td>
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<tr>
<td>Operations</td>
<td>112,980</td>
<td>127,736</td>
<td>128,860</td>
<td>15,880</td>
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<tr>
<td>Capital</td>
<td>12,116</td>
<td>2892</td>
<td>2,921</td>
<td>(9,195)</td>
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<tr>
<td>Total</td>
<td>$3,002,408</td>
<td>$3,004,733</td>
<td>$2,720,916</td>
<td>($281,492)</td>
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<tr>
<td>FTEs</td>
<td>29.4</td>
<td>27.6</td>
<td>27.6</td>
<td>(1.8)</td>
</tr>
</tbody>
</table>

Labor Relations Board

- Governor includes $0.4 million in both years
- Approx. $266,000 for 2.0 full-time staff and $40,000 for operations and legal services
- Seven-member Board including a chairperson
  - All seats filled, new appointments in July 2013
  - Gov. includes about $83,400 for Board stipends
  - One new member declines stipend
Statutory Reporting Requirements

- OMB assembled a list of required reports by agencies; DLT has 5 required reports
  - 3 from Governor’s Workforce Board
    - 2 annual reports, 1 biennial report
  - Progress report on enhanced jobs match program, October 1, 2013: submitted
  - Department’s annual report, in January
- Currently submitting all reports

Performance Management

- Office of Management and Budget issued a performance management report in August
- Included 11 measurable indicators
- Ex: UI claims processing times, benefit and non-monetary accuracy; TDI claims processing; WIA employment rate, retention and credentials; elevator certificates of operation, boiler inspections
Regulatory Reform and Review

• State agencies have to review all relevant state regulations to determine any adverse impact on small business
• DLT submitted 97.7% regulations for review
  - 43 of 44; ahead of target
• Office of Regulatory Reform in OMB overseeing the process
  - Four report periods; three completed
  - 1 recommended for revision (elevator safety)

Department of Labor and Training

FY 2014 Revised, FY 2015 and Capital Budgets
Staff Presentation