

Department of Labor & Training

Governor's FY 2024 Revised and FY 2025 Budgets

*Staff Presentation to the House Subcommittee on
General Government
March 13, 2024*

Introduction

- Overview
- Prior year initiatives
 - Healthcare workforce training
 - Workers' Compensation Fund
- New initiatives
- Ongoing programs
 - Background and data

Department Overview

- Agency Responsibilities
 - Provide workforce development
 - Provide employment & educational services
 - Enforce labor laws, prevailing wage rates, and workplace health & safety standards
 - Provide income support for unemployed & temporarily disabled workers

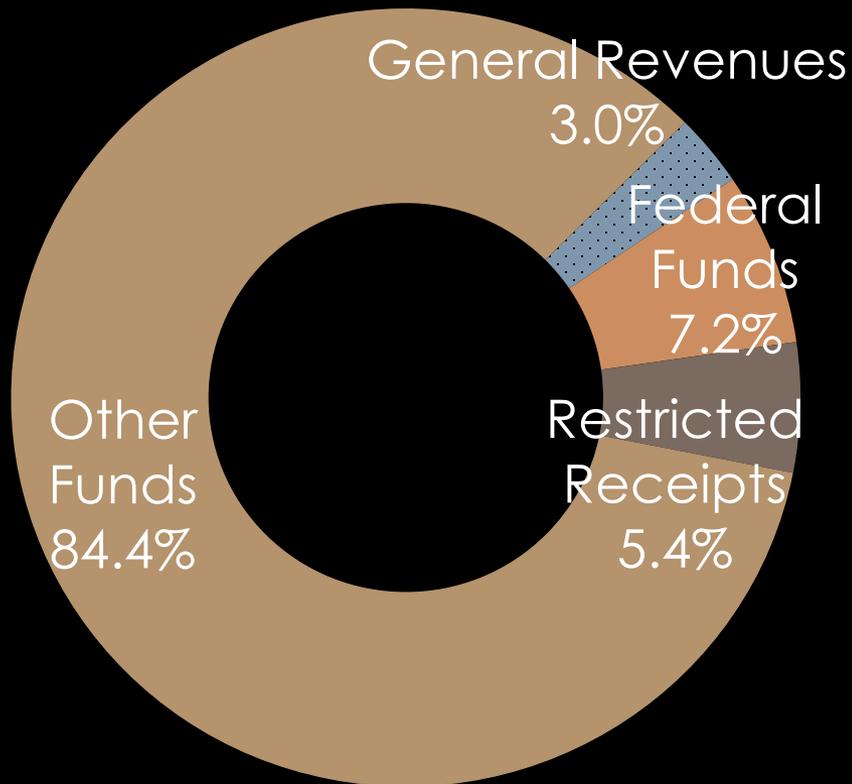
Summary by Source

	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
General Revenues	\$17.7	\$22.2	\$18.0	\$0.3
Federal Funds	74.7	74.8	42.7	(32.0)
Restricted Receipts	30.3	31.2	32.0	1.8
Other Funds	405.0	474.1	501.6	96.7
Total	\$527.6	\$602.2	\$594.3	\$66.7
FTE	461.7	461.7	461.7	-

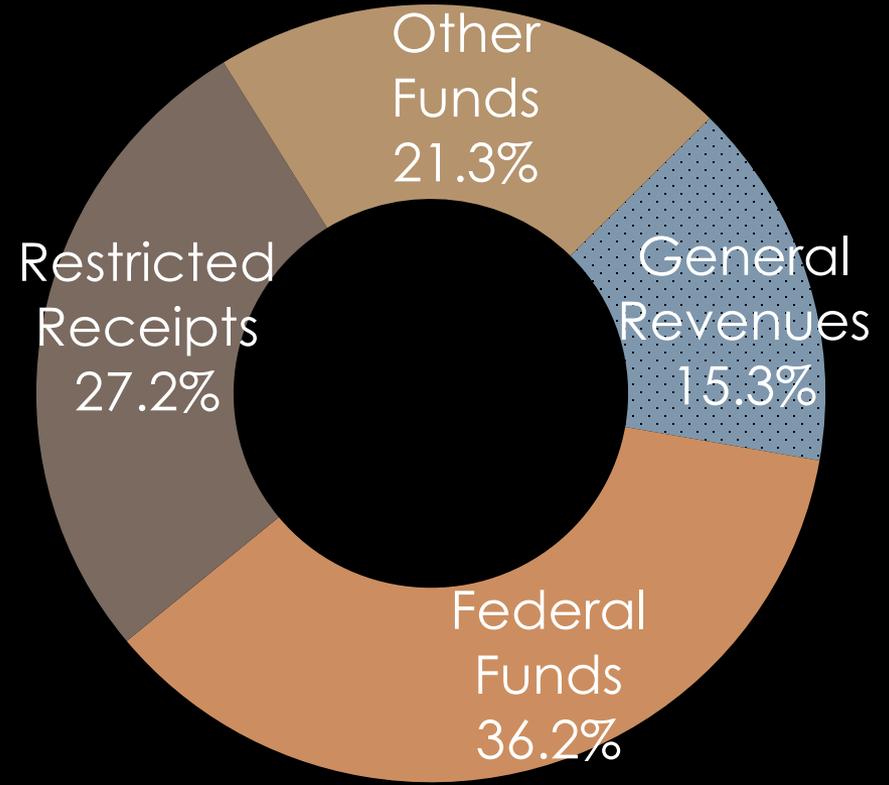
\$ in millions

Summary by Source

ALL PROGRAMS



EXCLUDING PAYMENTS FOR TDI/TCI/UI



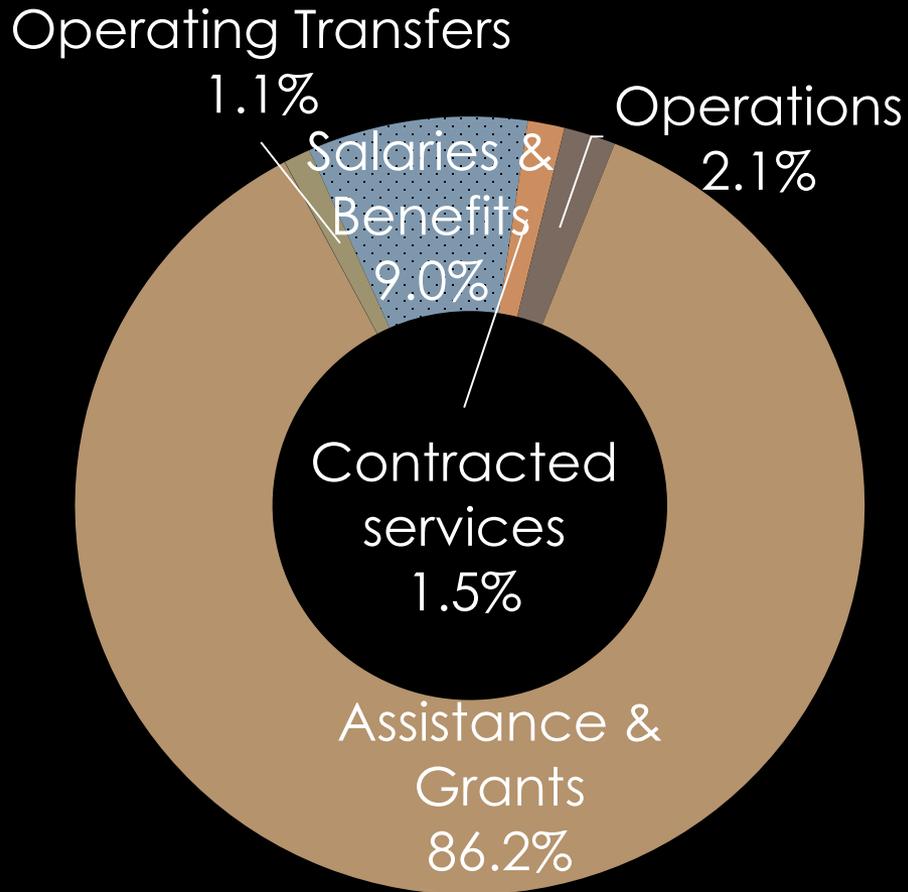
Summary by Category

	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
Salaries & Benefits	\$55.9	\$51.7	\$53.6	\$(2.3)
Contracted Services	7.9	8.6	9.0	1.1
Operating Expenses	16.2	14.9	12.6	(3.6)
Assistance & Grants	444.1	521.0	512.6	68.4
Capital	0.2	0.1	0.1	(0.1)
Transfers	3.3	6.0	6.5	3.2
Total	\$527.6	\$602.2	\$594.3	\$66.7
FTE	461.7	461.7	461.7	-

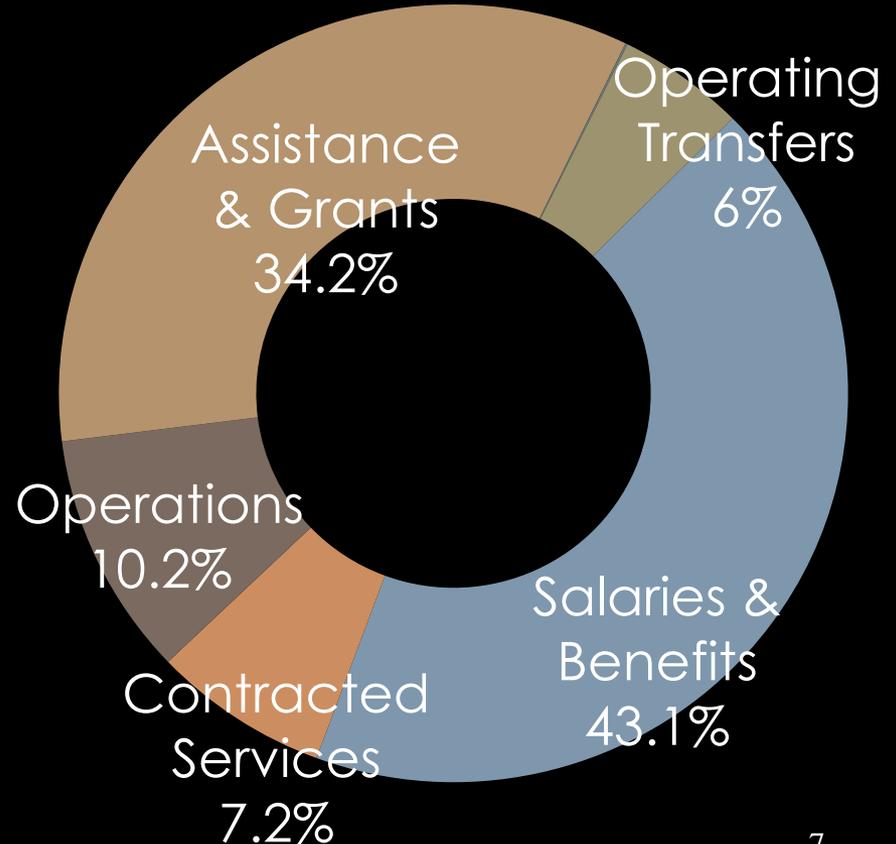
\$ in millions

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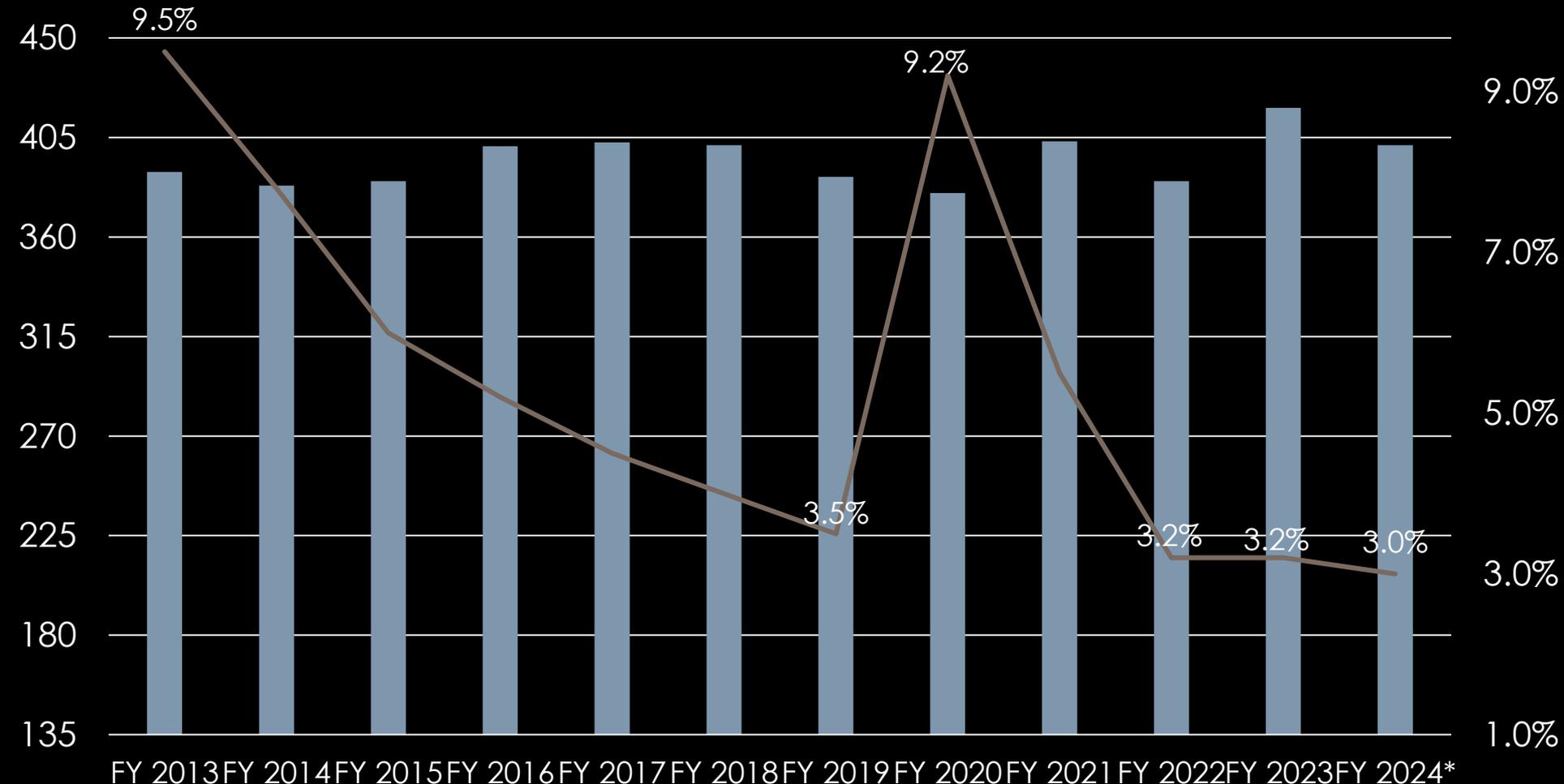
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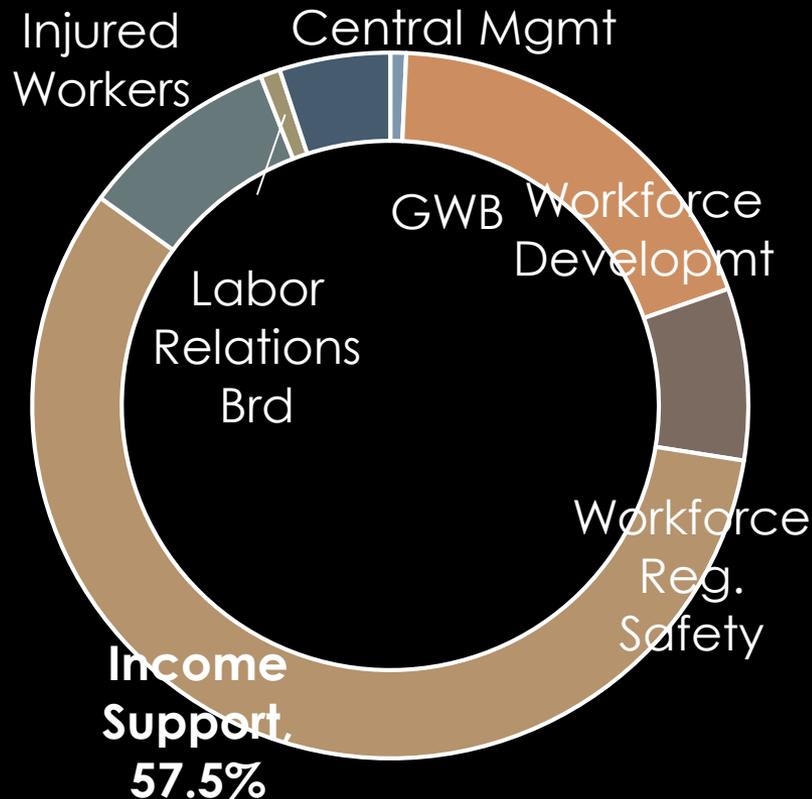
Staffing History – Filled FTEs & Unemployment Rate



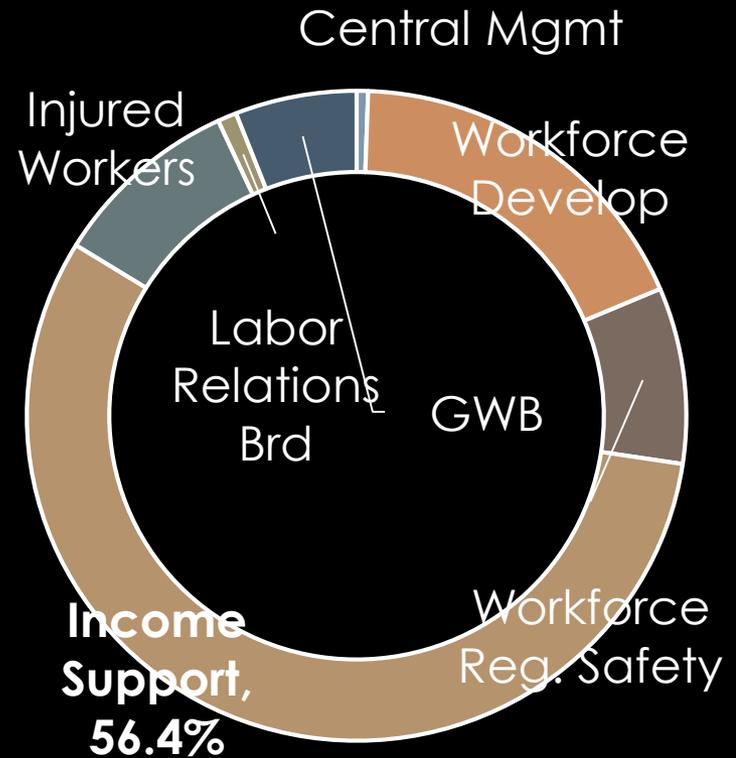
Excludes Employer Tax transferred from DOR for FY 2022 *Filled as of Feb. 24, 2024 pay period

Staffing By Program

FY 2024 ENACTED



FY 2025 GOVERNOR



Centralized Services

All Sources	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
Info. Technology	\$5.2	\$4.3	\$4.6	\$(0.6)
Facilities Management	4.4	3.4	3.2	(1.2)
Human Resources	0.9	0.8	1.0	0.0
Total	\$10.5	\$8.5	\$8.7	\$(1.8)
Total GR	\$1.9	\$1.9	\$1.9	\$0.1

\$ in millions

- FY 2025 recommendation includes \$11K
 - 6 months of charges for implementation of new systems management software

Healthcare Workforce

- 2022 Assembly provided \$6.0M from one-time general revenues for FY 2023
 - Supports Skills for RI Future engaging 200 staff for Care New England & Lifespan
 - Assumes 100 new hires & 100 incumbent workers
 - To address staffing recruitment & talent development
 - 2023 session updates said work ongoing
 - \$5.1 million for Skills for RI Future for job referrals
 - \$0.8 million for wrap-around services via OPC
 - \$4.0 million unspent at end of FY 2023
 - Reappropriated to FY 2024

Real Jobs RI – Background

- Established in FY 2016 as part of the Governor Raimondo's jobs plan
 - Demand-driven workforce & economic development initiative
 - Develop & fund job training partnerships
 - Bring together various entities to address business workforce demands
 - Targets incumbent workers, out-of-work Rhode Islanders, low & non-skilled workers
- Multiple sources of funds over the years

Real Jobs RI

- Governor recommendation includes
 - Federal Quest grants for both years
 - \$10.7M FY 2024; \$4.0M FY 2025
 - \$0.6M GR for nursing facility staff training as enacted
 - Per proviso language in Article 1

Source	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
General Revenues	\$6.1	\$6.1	\$6.1	\$-
Federal Funds	6.1	10.7	4.0	-2.1
Restricted Receipts	5.3	6.2	6.2	0.9
Total	\$17.5	\$22.9	\$16.2	(\$1.2)

\$ in millions

Enhanced Real Jobs

- Enhanced Real Jobs – \$30.0 million
 - Enacted budget assumes 5,357 participants at \$5,600 per person
 - Targeted to underserved or marginalized communities
 - Includes supportive services
 - 2023 Assembly advanced FY 2025 funding for FY 2024 to ensure timely obligation

Enhanced Real Jobs	FY 2023	FY 2024	FY 2025	Total
Enacted Budget	\$10.0	\$20.0	-	\$30.0
Governor Recommended	\$9.6	20.4	-	\$30.0
Change	\$(0.4)	\$0.4	\$-	\$-

\$ in millions

Real Jobs RI

Source/ Fiscal Year	General Revenues	Federal Funds	Restricted Receipts	Total
2016	\$ -	1.1	1.1	\$2.2
2017	\$ -	6.1	3.0	\$9.0
2018	\$ -	4.5	7.6	\$12.1
2019	\$4.0	3.9	10.8	\$18.7
2020	\$5.5	5.0	8.4	\$18.8
2021	\$4.9	2.6	0.5	\$8.0
2022	\$5.5	1.3	3.2	\$9.9
2023	\$5.5	12.7	13.3	\$31.4
2024 Revised*	\$6.1	31.1	6.2	\$42.7
2025 Governor*	\$6.1	4.0	6.2	\$15.6

*\$ in millions; *includes \$0.6 million for nursing facilities*

Governor's Workforce Board

- Job Development Fund
 - Under current law, 0.02% of the JDF tax is dedicated to support core services
 - Unemployment insurance
 - Employment services programs
 - Remaining 0.19% is allocated at the discretion of the Governor's Workforce Board
 - Subject to appropriation

Governor's Workforce Board

- Grants

- Governor's Workforce Board
 - Policymaking workforce development body
 - 23 members on Board, appointed by Governor
 - 18 members must be from the public
 - Invests in wide range of programs & services
 - Real Jobs RI, internships, incumbent worker training, continuing adult education
 - FY 2025 - \$5.5M from JDF restricted receipts
 - \$0.9M less than enacted
 - \$75K from RGGI funds – new allocation
 - 2023 Assembly

Governor's Workforce Board

Governor's Workforce Board – JDF Spending				Real Jobs RI
Year	Operations	Other Grants	GWB Total	
FY 2016	\$0.9	8.5	\$9.4	\$1.1
FY 2017	\$3.2	7.9	\$11.0	\$3.0
FY 2018	\$4.0	13.6	\$17.6	\$7.6
FY 2019	\$3.8	18.5	\$22.3	\$10.8
FY 2020	\$2.2	13.8	\$16.0	\$8.4
FY 2021	\$3.8	5.1	\$9.0	\$0.5
FY 2022	\$2.4	7.2	\$9.6	\$3.2
FY 2023	\$5.8	8.0	\$13.7	\$5.3
FY 2024 Revised	\$4.5	5.5	\$11.0	\$6.2
FY 2025 Governor	\$4.5	5.5	\$11.0	\$6.2

\$ in millions

Unemployment Trust Fund

- Issues that affect employer cost
 - Trust Fund balance
 - September 30 - Fund Reserve Ratio calculated
 - Sets employer tax schedule
 - Employer experience
 - September 30 – each employer's account divided by its June 30 avg. annual payroll for the prior 3 years
 - Employer notification of rates in December

Unemployment Insurance

- State has 9 tax schedules: A - I
 - Each schedule has 28 tax rate groups
 - For 2020 Tax Schedule F in effect; for 2021 rate increased 2 schedules to H due to pandemic
- Schedules based on reserve ratio of fund as of September 30 of prior year
 - $\text{Trust Fund balance} \div \text{total wages paid during year} = \text{reserve ratio}$

2024-H 7225 Article 3 Sec. 16

HFC 2/15

- Section 16 would extend deadline to establish Tax Year 2025 rate schedule
 - From Sept 30, 2024 to Dec 31, 2024
 - Discretion of DLT director
- Flexibility if enough at risk ARPA funds are deposited into trust fund to alter the tax schedule

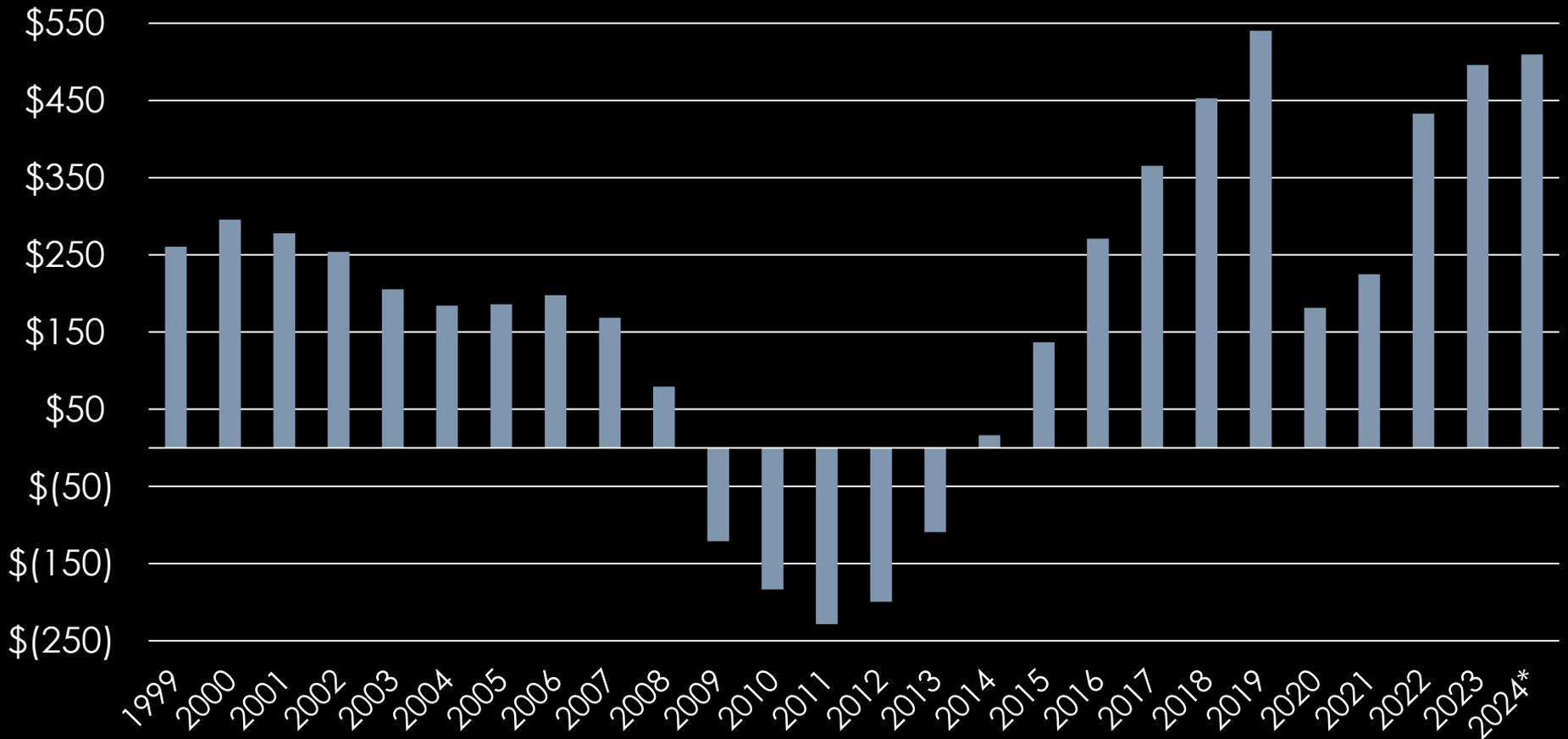
Unemployment Trust Fund

- 2022 Assembly allocated \$100M ARPA
 - Prior to setting of the 2023 tax schedule
 - Deposited September 26, 2022

Tax Year	Taxable Wage Base		Tax	Schedule	New Employer
	Most	Highest	Schedule	Tax Range	Rate
2022	\$24,600	\$26,100	H	1.2% to 9.8%	1.19%
2023	\$28,200	\$29,700	G	1.1% to 9.7%	1.09%
2024	\$29,200	\$30,700	G	1.1% to 9.7%	1.00%

Unemployment Trust Fund

Unemployment Trust Fund Balance by Year



\$ in millions; *as of December, 2023

Temporary Disability Benefit Payments

- Payments for weeks of unemployment caused by a temporary disability or injury
 - RI, NY, NJ, CA, HI only states with program
 - Funded entirely by RI worker contributions
 - Based on updated estimates of utilization

	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
Temporary Disability Insurance	\$225.0	\$216.0	\$230.0	\$5.0

\$ in millions

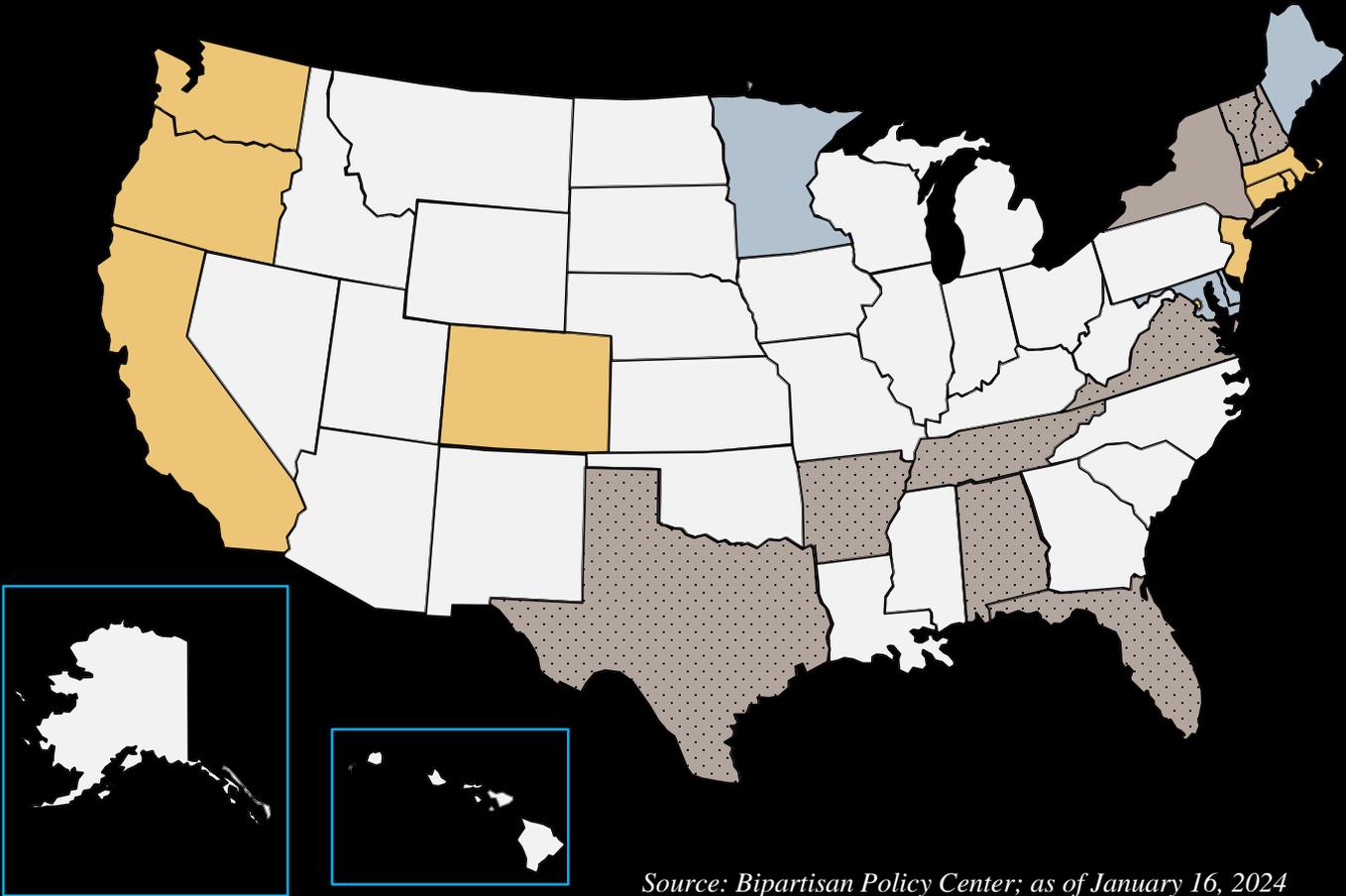
Temporary Caregiver Benefit Payments

- Temporary Caregiver Insurance (TCI)
 - To care for seriously ill child, parent, spouse, domestic partner, parent-in-law, or grandparent or child bonding
 - Based on updated estimates of utilization
 - 11 states w/ active programs;
 - 2 collecting premiums now for 2024/2025 launch
 - 1 collecting premiums beginning 2025 for 2026

Fiscal Year	Payments
2022	\$18.5
2023	\$25.0
2024 Rev.	\$30.0
2025 Gov.	\$32.3

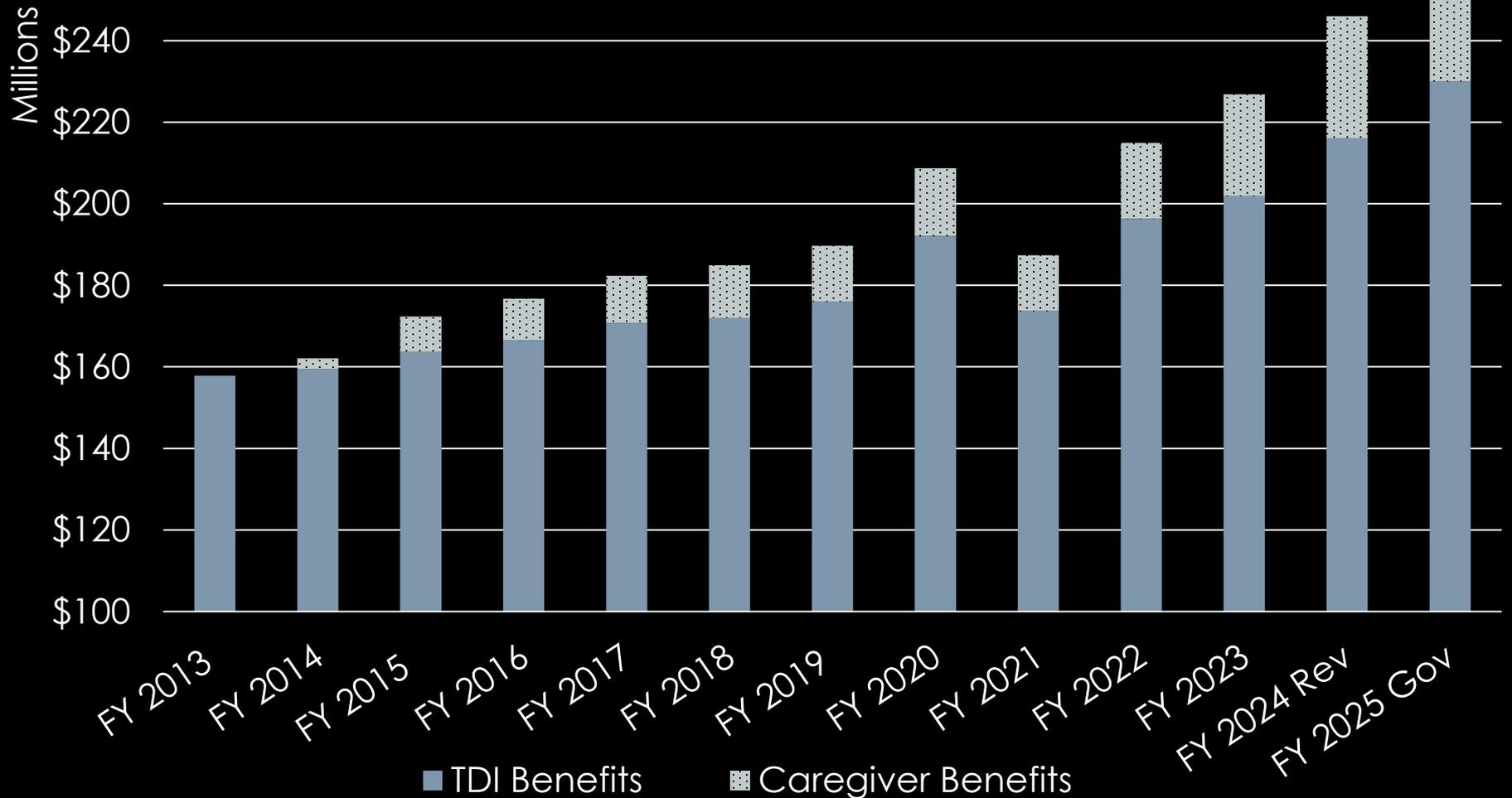
\$ in millions

Paid Family Leave



Source: Bipartisan Policy Center; as of January 16, 2024

Temporary Disability Benefit Payments



2021-H 6090A extends benefits to 5 weeks as of 2022; 6 weeks as of 2023

Workers' Compensation Fund

- Labor & Training
 - Admin functions
 - Fraud & claims monitoring, rehab center, education, advisory board
 - Legacy benefit payments
 - Certain COLAs, pre-existing injuries, defunct insurers/self-insured
- DBR Actuarial analyses
- Workers' Comp Court
- ~\$21 million in spending
- 2023 Assembly
 - Provided \$4.4M to avoid rate increase
- Governor adds \$200K from GR
 - Study components of the workers' compensation system
 - Report due by March 31, 2025.

Workforce Development Services Grants

- Funds multiple DLT workforce programs
 - Trade Readjustment Act, Dislocated Workers, Programs for Youth & Seniors
 - Employment services, counseling and training
 - General revenues support apprenticeships
 - Non-trade employment & work immersion
 - FY 2024 includes \$0.3M reappropriation of unused funds

Workforce Development Grants	FY 2024 Enacted	FY 2024 Revised	FY 2025 Governor	Chg. to Enacted
General Revenues	\$0.9	\$1.2	\$0.9	\$-
Federal Funds	13.2	20.9	10.8	(2.4)
Total	\$14.1	\$22.2	\$11.7	\$(2.4)

\$ in millions

Police & Fire Relief Funds

- Annuity benefits to surviving spouses of deceased police & firefighters
 - Education benefits for spouses & children
 - Paid from general revenues
 - FY 2025 - \$3.5 million
 - Essentially as enacted
 - FY 2024 revised - \$3.6 million
 - Avg. spend: 3-year \$3.7M

Other Labor & Training

- Office of Community Engagement - \$100,000
 - Develop fair partnerships & service provision
 - Cultural competency training for staff & program partners
 - Develop advisory group to facilitate & provide feedback on recruitment strategies
- Year Up - \$200,000
 - Academic coursework & Internships
 - Hands-on skill development

Audit Findings & Recommendations

- Repeat Finding
 - Insufficient controls to prevent UI claim fraud
 - Recovered moneys not appropriately credited
- Recommendations
 - Develop a strategic plan for modernization of claims & fraud prevention
 - Credit reclaimed funds back appropriately
- DLT response
 - Has procured vendor to complete strategic plan
 - Vendor in process of preparing proposal for DLT review

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