

Department of Labor and Training

FY 2013 Revised, FY 2014 & Capital Budgets

Staff Presentation

March 21, 2013

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

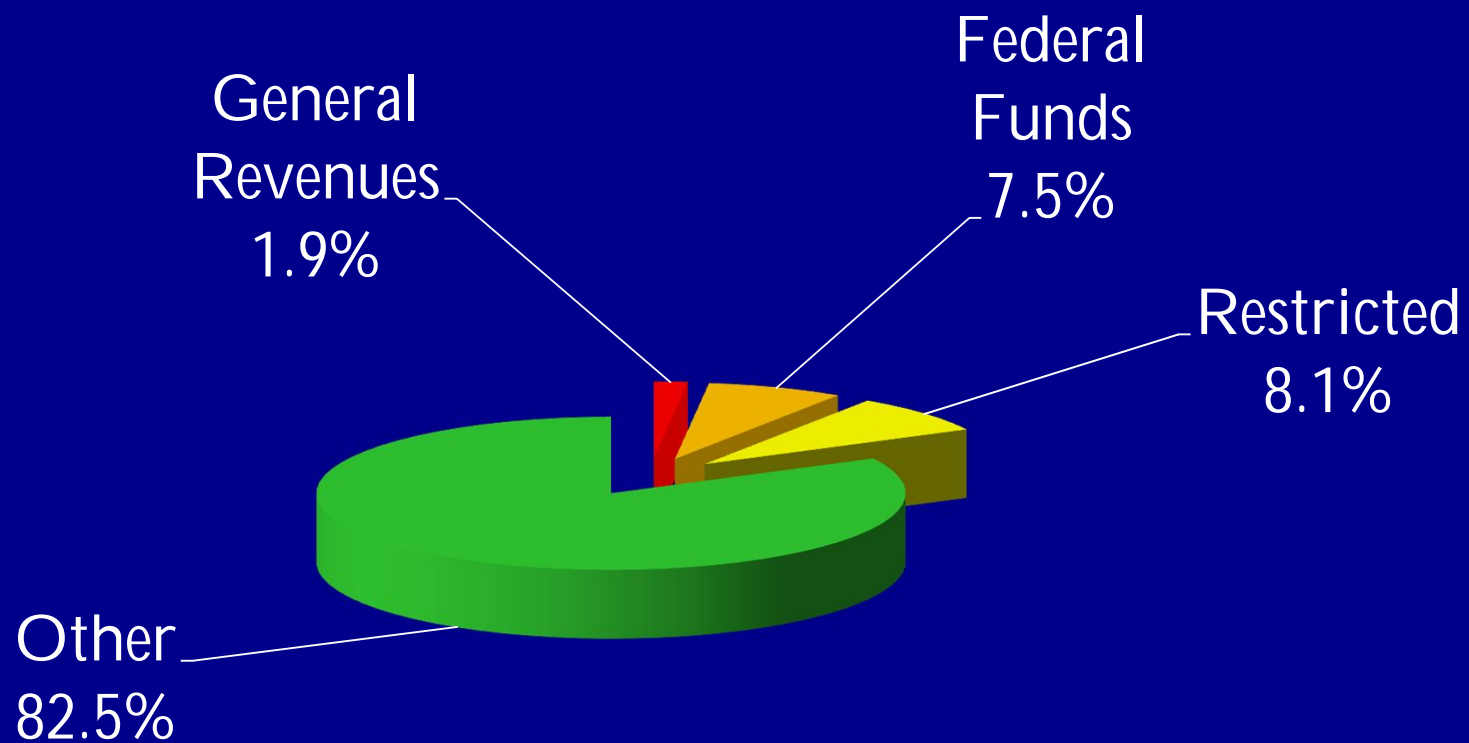
Summary of Governor's Recommendations

Fund Source	FY 2013 Enacted	FY 2013 Gov. Rev.	FY 2014 Gov.	FY 2014 to Enacted
General Revenues	\$7.8	\$8.8	\$9.8	\$2.0
Federal Funds	111.7	94.7	39.8	(72.0)
Restricted Receipts	36.3	60.8	43.1	6.8
Other Funds	505.7	477.2	437.9	(67.9)
Total (<i>in millions</i>)	\$661.6	\$641.6	\$530.6	(\$131.0)

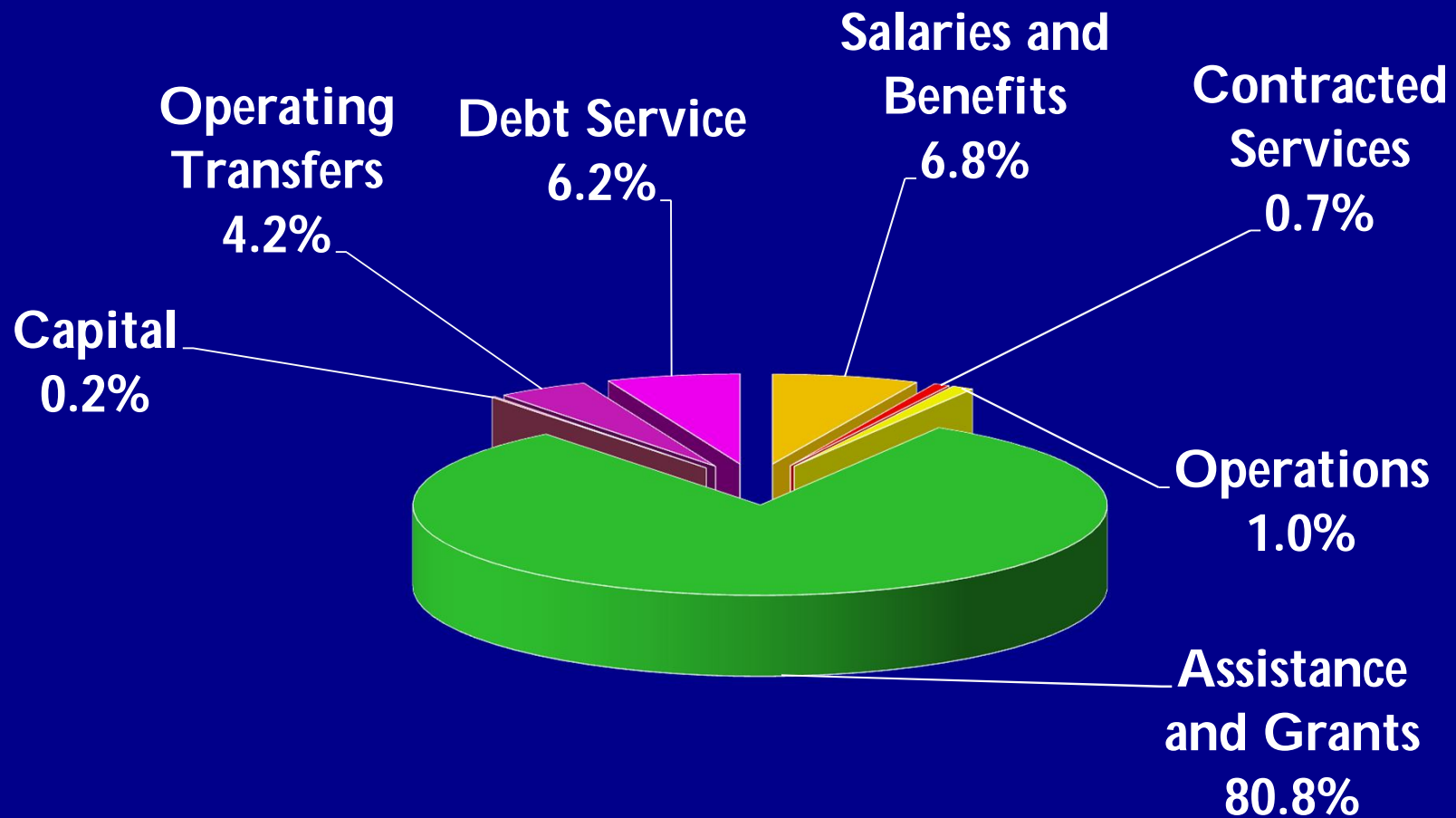
Governor's Major Changes to the Enacted Budget

<i>(All fund sources, millions)</i>	FY 2013 Gov. Rev.	FY 2014 Gov.
Article 15 – Jobs Program	\$1.0	\$2.0
UI Salaries & Benefits	\$3.1	\$0.3
Other Salaries & Benefits	(\$2.2)	(\$1.1)
Unemployment Benefits	(\$54.7)	(\$127.1)
TDI Benefits	(\$15.0)	(\$10.0)
UI Loan Repayment	\$19.0	\$3.9

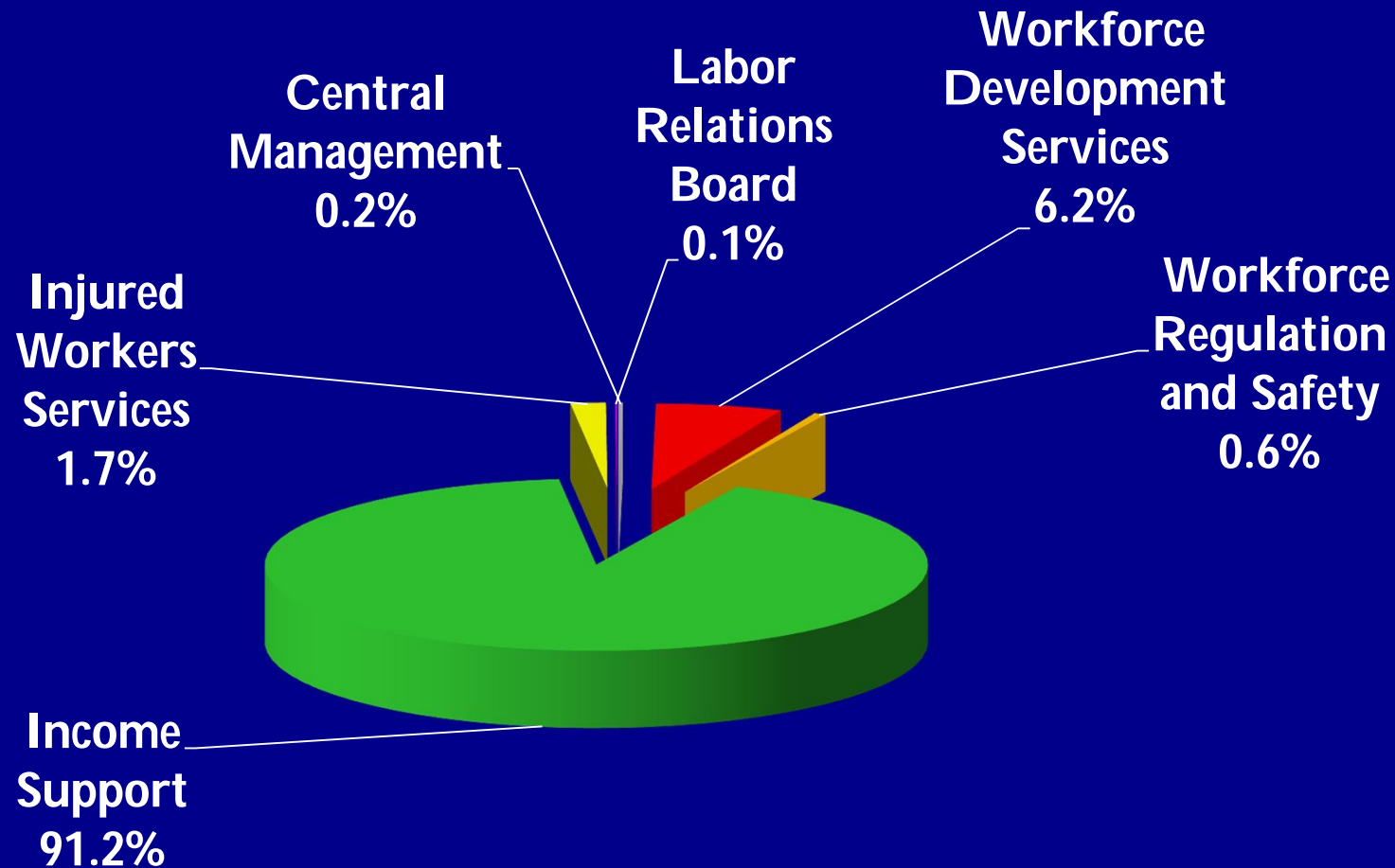
FY 2014 Summary By Source



FY 2014 Summary By Category



FY 2014 Summary by Program



Target Budget

- Agencies were given current services budget level to adhere to in their FY 2014 request
- Also instructed to submit a budget that offers a 7 percent reduction
 - \$250,827 reduction to current services
- Request met target by proposing to eliminate 2.0 positions in Workforce Regulation and Safety Division
 - Most positions in division are revenue generating

Statewide Savings

- FY 2013 revised: \$15,454
 - Medical benefit savings – benefit holiday
- FY 2014: \$22,321
 - Medical benefit savings – reduced rate
 - Retiree health, dental and state fleet insurance
- Savings from other sources shifted to misc. operating
 - Federal funds available, will not offset state costs

Possible Effects of Sequestration

- UI benefits and administration
 - Federal benefits only (EUC and Short-Time)
 - Effects UI staffing and operations
- Workforce Development Services
 - Workforce Investment Act, veterans' services, senior employment program, labor market information
 - DLT has carry forward funds, no major impact until FY 2015

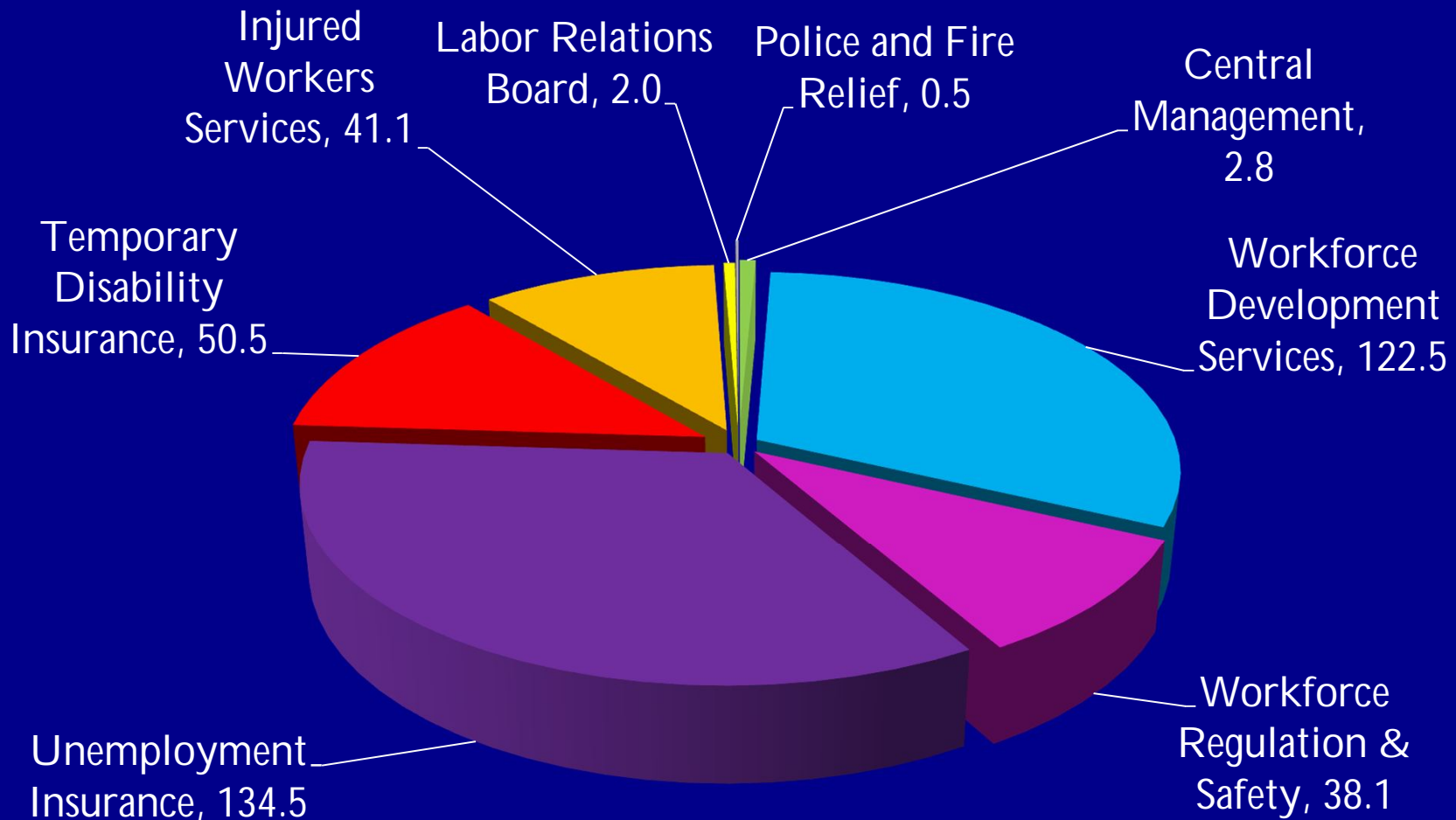
Full-Time Equivalent Positions

- Gov. includes 423.0 FTEs in FY 2013
 - Eliminates 39.5 positions, mostly UI program
- Gov. includes 392.0 positions in FY 2014
 - 70.5 less than enacted, consistent with request
 - Eliminates additional 30.0 UI positions

Full-Time Equivalent Positions

Full-Time Positions	FTEs	Chg to Enacted	Chg to FY 2014 Gov.
Enacted Authorization	462.5	-	70.5
FY 2013 Rev. Req./ Gov.	423.0	(39.5)	31.0
FY 2014 Req. / Gov. Rec.	392.0	(70.5)	-
FY 2012 Average filled	442.7	(19.8)	50.7
Filled as of March 9, 2013	392.0	(70.5)	-

Positions by Program – Gov. 2014



Staffing Expenses

<i>(in millions)</i>	Enacted	FY 2013 Gov. Rev.	Change to Enacted	FY 2014 Gov. Rec.	Change to Enacted
Gen. Rev.	\$3.3	\$3.3	-	\$3.4	\$0.1
Federal	21.4	23.0	1.7	20.8	(0.6)
Restricted	7.5	7.2	(0.4)	7.5	(0.1)
TDI funds	4.8	4.5	(0.3)	4.6	(0.2)
<i>All Funds</i>	<i>\$37.0</i>	<i>\$38.0</i>	<i>\$1.0</i>	<i>\$36.2</i>	<i>(\$0.8)</i>
Positions	462.5	423.0	(39.5)	392.0	(70.5)

Unemployment Insurance Staffing History

Budget	Change	UI Positions
FY 2008 Final	-	97.7
FY 2009 Enacted	27.8	125.5
FY 2009 Final	15.3	140.8
FY 2010 Enacted	30.0	170.8
FY 2010 Final	35.8	206.6
FY 2011 Enacted/Final	6.0	212.6
FY 2012 Enacted	-	212.6
FY 2012 Final	9.3	221.9
FY 2013 Enacted	(7.6)	214.3

Unemployment Insurance Staffing History

Date	Action	Change	UI Positions
FY 2013 Enacted		(7.6)	214.3
July 2012	Lay off	(52.2)	162.1
August – Oct 2012	Rehire	22	184.1
January 2013	Rehire	11	195.1
FY 2013 Gov. Rev.	Eliminate 36.2, transfer in 19.6	(16.6)	178.5
FY 2014 Gov. Rec.	Eliminates FTEs	(30.0)	148.5
FY 2014 Gov. Rec. on 9/30/13	Lay offs – FTEs stay in cap	(22.0)	126.5

Staffing Shifts

- Both years, requests shift 19.6 positions from workforce development services to UI
- Result of seniority bumps from lay-offs
- Reemployment eligibility assessment program
 - \$2.3 million award received
 - Requests \$0.7 million in 2013, \$1.6 million in FY 2014
 - Only principal E&T interviewers can do this
 - Work one-to-one with UI recipients at the one-stop centers to help find gainful employment
 - Used to be 3 FTEs, now 9 FTEs do this

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 (\$20,200 in CY 2013)
 - Employers with highest tax rate also have \$1,500 added to their taxable wage base

Unemployment Insurance

Unemployment Rate	January 2013	Peak
Rhode Island	9.8 %	11.9%
New England	7.1 %	8.7%
United States	7.9 %	10.0%

- 9.8% = 55,987 people seeking employment
- RI's unemployment rate peaked at 11.9% in January 2010
 - U.S. peaked at 10.0% in October 2009
 - New England peaked at 8.7%: Dec-09 thru Mar-10

Unemployment Insurance Call Center

- Not all UI employees are in call center
 - Also adjudication, fraud, overpayments, benefit charges, combined wage claims, WorkShare
- Laid off 52.2 FTEs in July, 57 people
- Rehired 22 in the Fall, 11 more in January
- Expected to remain through September, then lay off again because not enough federal funding for staffing

Unemployment Insurance Call Center

- Phone wait time averaged 26 min. in FY 2012
 - Averaging 43 minutes so far in FY 2013
 - 37 minutes in most recent weekly report
 - Not all new claimants, not tracked separately
- Averaged \$9.4 million in benefit payments per week in CY 2012, both state and federal
 - Average \$8.0 million/week in CY 2013 to date
 - No more state extended benefits

Unemployment Insurance Call Center

— Number of Staff Processing Claims — Telephone Wait Time (in minutes)



Unemployment Insurance Benefits

Gov.'s Budget	Federal Funds	Trust Fund	Total
FY 2013	\$48.4	\$261.4	\$309.8
FY 2014	\$0	\$234.1	\$234.1
<i>(in millions)</i>			

- Governor's budgets are consistent with the Department's requests
- Assume only 26 weeks of regular benefits available after December 29, 2012

Unemployment Insurance Benefits

- DLT's requests assume federal benefits set to expire December 29, 2012
- Program was extended on January 2, 2013
 - Provides benefits until December 28, 2013
 - Same number of weeks, same rules
 - Tiers phase out, but no payments after Dec. 28
- Governor's budget assumes Dec. 29, 2012 end
 - Expecting an amendment in April or May

Unemployment Insurance Benefits

- Currently up to 73 weeks of benefits available
 - 26 weeks of regular benefits, from the Trust Fund
 - 47 weeks of federally funded benefits, on 4 tiers
 - Emergency Unemployment Compensation (EUC)

Potential Effects of Sequestration

- Reduction of approximately 12.5 percent to an individual's weekly benefit amount
 - For federal EUC benefits only
 - Not clear if reduction to weekly benefit before or after adjustments, such as dependents allowance
- No reduction in number of weeks
- Reduction of about 10% to next 7 months of UI admin.

Short-Time Employment Benefits

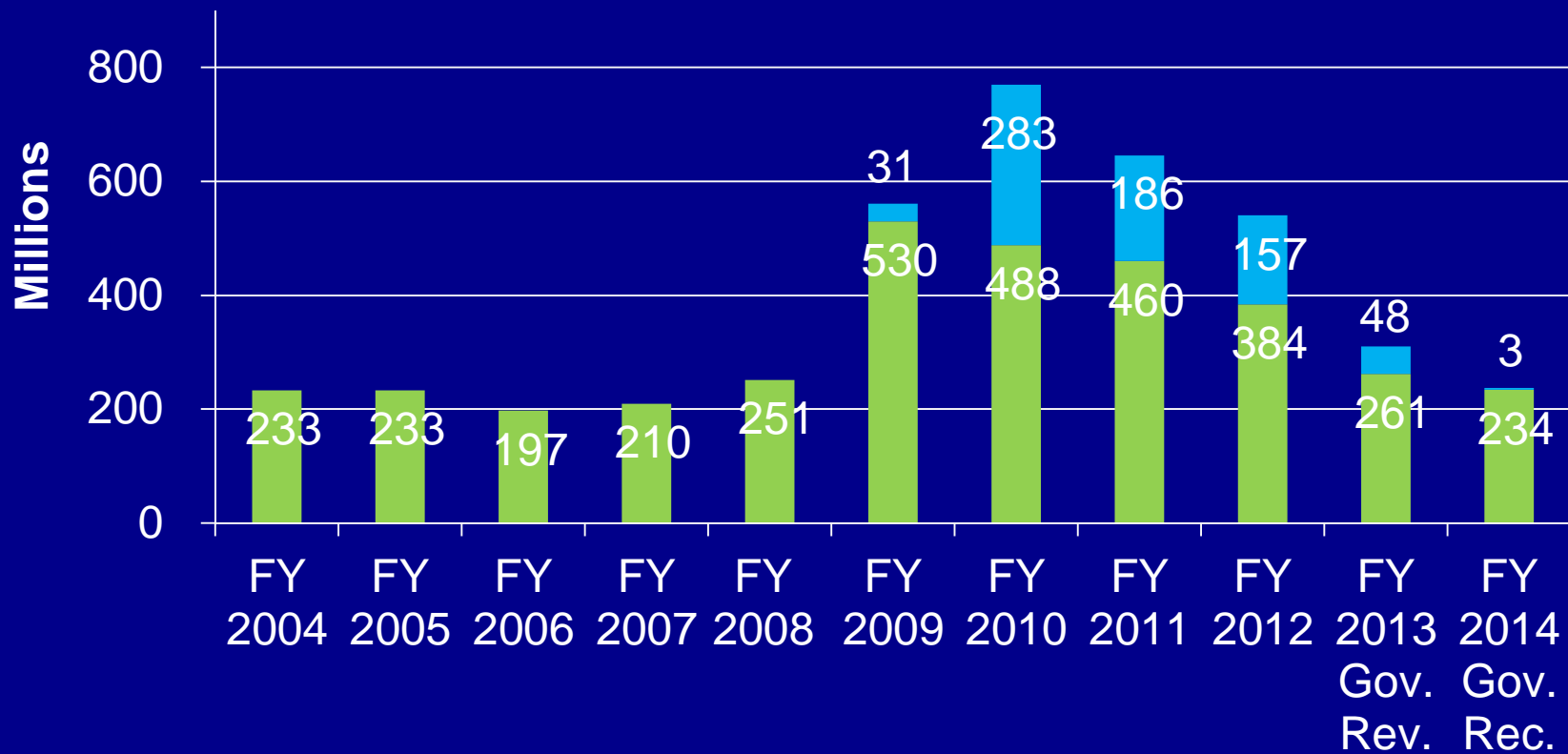
- RI already administers this program
 - Called WorkShare in RI
- Provides a portion of a weekly UI payment to workers whose hours have been reduced
 - Helps employers avoid layoffs by reducing hours for group of employees rather than layoff some while others continue to work full-time
- Benefits normally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

Short-Time Employment Benefits

- RI to receive federal funding for this program
 - Middle Class Tax Relief and Job Creation Act of 2012, signed in Feb. 2012
 - Allows for full federal benefits, some limitations
- DLT requested \$3.2 million in both years
 - Act as placeholder, will likely receive more
 - Governor included requested amount
 - Saves payments from Trust Fund

Unemployment Insurance Benefits Payments History

■ Trust Fund ■ Federal Funds



Gov. Rev.
Gov. Rec.

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 borrowed \$670.8 million from the federal account as of March 12, 2013
- Loan balance as of March 12: \$224.7 million
- Borrowed interest free through CY 2010
- Interest began to accrue January 1, 2011
- DLT has made interest payments of:
 - \$7.1 million in September 2011
 - \$7.6 million in September 2012

Employment Security Fund

- For FY 2013:
 - Gov. includes \$7.6 million for the interest payment and \$30.0 million for principal
 - Had been a delay paying principal in FY 2012
- For FY 2014:
 - Gov. includes \$7.5 million for the interest payment and \$15.0 million for principal
- Includes total amount estimated to be available each year from the assessment

Job Development Fund Assessment

- 2010 Assembly converted employers' 0.3% insolvency surtax into a JDF assessment
 - Suspended surtax while loans were interest free
 - Surtax to have started in Jan. 2011, principal only
- Assembly increased job development assessment by same amount; assessment can be used for loan & interest payments
- Required interest payments cannot otherwise come from UI benefit account

Article 14

- Hearing was February 27
- Governor proposes to lower assessment from 0.30% to 0.25%, January 1, 2014
 - About \$3.0 million less each year to repay loans
 - Employers save about \$11/employee per year
- Intent is to ease tax burden on employers without risking the 2015 pay off date

Article 14

- Transfers up to \$8 million into IT account
 - \$2.0 million in FY 2013
 - \$3.0 million in each FY 2014 and FY 2015
 - \$8 million is preliminary estimated cost
- Purpose of IT account is: state staff costs after 9/30/2014; additional costs above \$10 million federal grant for RI's specific portion of project
- 3-5 year project for new UI system: benefit portion done in 2016, tax portion in 2018

Article 14

- Tax year 2016 and subsequent years
 - 0.25% assessment at discretion of DLT's Director
 - Employers not charged when there are sufficient funds to pay off loans
 - No current law to end the surtax portion
- After paying loans, remaining funds will shift to benefit account and paid out as benefits

UI Administration

<i>(in millions)</i>	Enacted	FY 2013 Gov. Rev.	Change	FY 2014 Gov. Rec.	Change
Federal Funds	\$1.5	\$1.8	\$0.3	\$1.6	\$0.03
Restricted Receipts	0.5	1.4	0.9	1.1	0.7
Total	\$2.0	\$3.2	\$1.3	\$2.7	\$0.7

UI Administration - Sequestration

- Approximately 10% cut to remaining 7 months of UI admin. in FFY 2013
 - About \$750,000
 - DLT has developed a plan, but waiting for further clarification from the U.S. Department of Labor
 - Will try to maintain staffing levels, if possible

Article 24 – Attorneys fees for appeals

- Limit legal services payments from appeals
 - Limit the payments to attorneys of employees to 10% of the benefit amount, \$50 minimum
 - Require the appeal be successful for full payment
 - If appeal is unsuccessful - \$50 payment
- Assumes savings of \$0.3 million from restricted receipts in FY 2014
 - These receipts offset general revenue expenses
- Article hearing was February 27

Information Technology Expenses

<i>(in millions)</i>	Enacted	FY 2013 Gov. Rev.	Change	FY 2104 Gov. Rec.	Change to Enacted
Gen. Rev.	\$0.03	\$0.02	(\$0.02)	\$0.02	(\$0.01)
Federal	1.5	3.2	1.7	1.5	0.05
Restricted	0.4	0.5	0.1	0.5	0.1
Other	0.3	0.2	(0.1)	0.2	(0.1)
Total	\$2.3	\$3.9	\$1.7	\$2.3	\$0.03

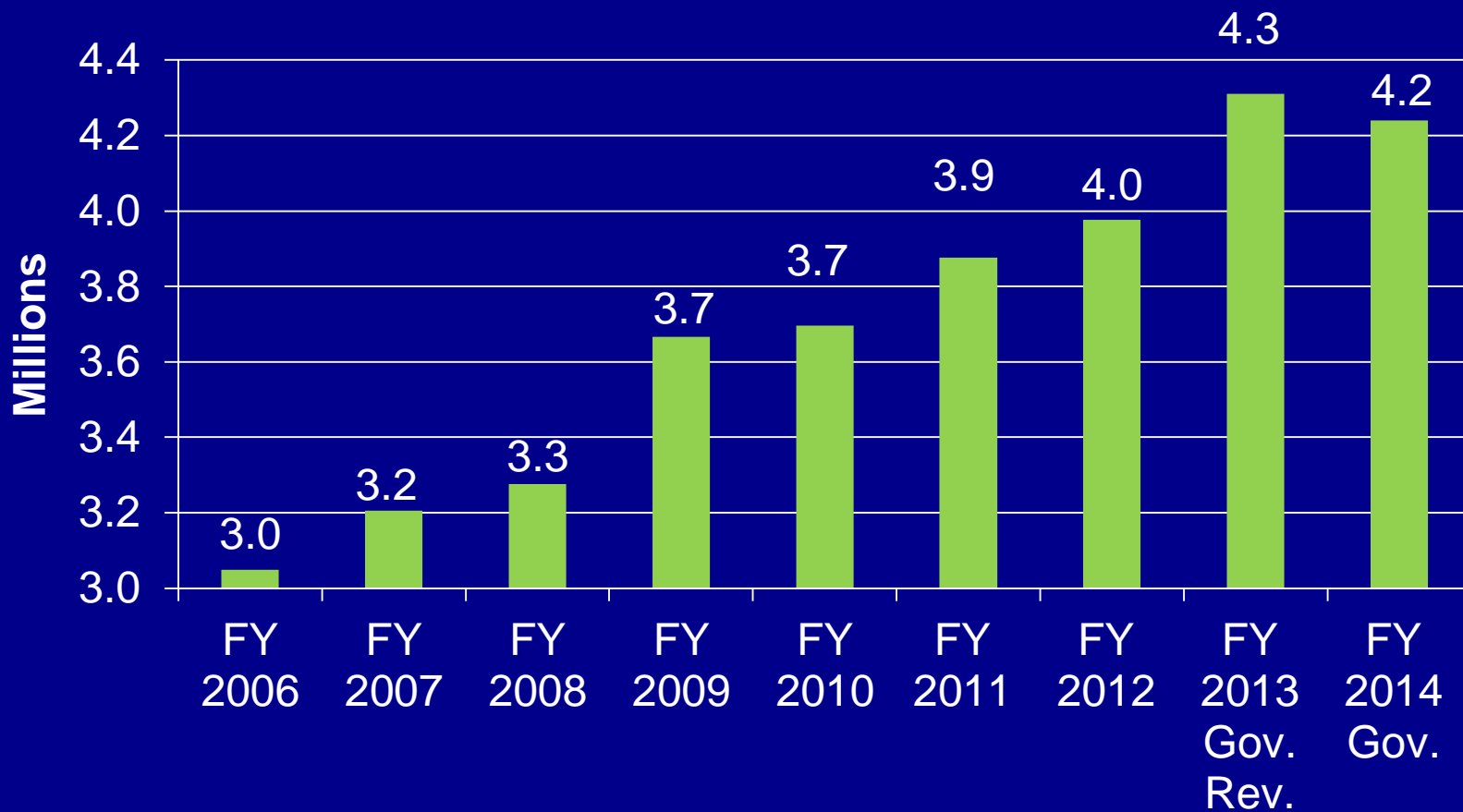
Police and Fire Relief Fund

- 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 \$4.3 million in FY 2013
 - Includes \$129,214 for one-time death benefit payment, included in enacted budget
- Governor includes \$4.2 million for FY 2014
 - \$3.5 million for pensions; 1.1% growth
 - \$0.7 million for tuition; assumes no tuition increase and fewer students

Police and Fire Relief Benefit Payments History



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, 2013, 1.2% is deducted from the first \$61,400 earned

<i>(in millions)</i>	FY 2012 Spent	FY 2013 Enacted	FY 2013 Gov. Rev.	FY 2014 Gov. Rec.
Benefit Payments	\$155.6	\$175.0	\$160.0	\$165.0

Temporary Disability Insurance

- For CY 2012:
 - Paid \$158.1 million in benefits
 - Paid 35,599 eligible claims
 - Average of \$4,440 per claim
 - Average weekly benefit amount of \$439.69
 - Average duration per beneficiary of 11.8 weeks

Temporary Disability Insurance Benefit Payments History



Workforce Investment Act Grants

- Enacted budget: \$5.2 million federal funds
- Gov. includes \$8.5 million for FY 2013
 - Unspent funds carried forward from FY 2012
- Gov. includes \$5.4 million for FY 2014
 - fewer unspent funds from FY 2013
- Subject to sequestration, but carry forward funding will minimize the impacts

Summer Youth Program

- Subsidized summer employment program for youth between 14 and 24
- Occurred during Summer 2012 (FY2013)
- Department requested \$2.0 million
 - \$1.0 million each: Job Development Fund and DHS's federal TANF block grant
 - \$1.9 million for subsidies, \$0.1 million for admin.
- Gov. funded as requested, was already spent

New Workforce Development Grants

- Requests & Gov. include 3 new federal grants
 - \$0.9 million for FY 2013; \$1.0 million for FY 2014
- \$0.6 million for On-ramps to Career Pathways
 - Expand current program, ease access to entry
- \$0.2 million to link education & workforce data, expand data collection system
- \$0.1 million to increase the number of disabled adults served in NetWorkRI locations

Human Resource Investment Council/ Governor's Workforce Board

	HRIC	GWB
Created	1992; RIGL 42-102	2005, Executive Order by Gov. Carcieri
Board Members	15, all part of GWB	17
Administers	0.21% of the Job Development Fund Assessment	Federal Workforce Investment Act (WIA) Funds
Statewide Workforce Investment	All workforce planning, except WIA	All workforce planning for state

Human Resource Investment Council/ Governor's Workforce Board

- 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.
- Career Pathways funding for staff at CCRI to oversee employer based training programs

Human Resource Investment Council/ Governor's Workforce Board

<i>(in millions)</i>	Restricted Receipts
FY 2012 Spent	\$3.3
FY 2013 Enacted	4.9
FY 2013 Gov. Rev.	9.3
<i>Change to Enacted</i>	4.4
FY 2014 Gov. Rec.	7.0
<i>Change to Enacted</i>	2.1
<i>Change to Revised</i>	(2.3)

Article 15 – Work Immersion and Non-Trade Apprenticeship Program

- Article Hearing was February 27
- Open to residents 18 years or older and out-of-state college students attending a school in the state while in the program
- Article indicates funding for program from Job Development Fund or appropriation
- Gov. includes \$3.0 million from gen. rev.
 - \$1.0 million in FY 2013, \$2.0 million in FY 2014

Article 15 – Work Immersion and Non-Trade Apprenticeship Program

- Work Immersion Program:
 - Up to 200 hours 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
- Non-trade apprenticeship:
 - Number of hours, months set by each contract
 - Employer to pay individual, is not reimbursed

Governor's Workforce Board

- Biennial Employment & Training Plan
- Report released on November 15, 2012
 - Was granted extension from March 15 to Sept. 30
 - Coincides with other reports, new leadership
- Findings included: priorities and action steps
 - Employer partnerships, work readiness, career pathways, data limitations, and strategic planning
- Next report is due March 15, 2014

Pawtucket NetWorkRI Office

- Enacted budget assumes the closure of the Pawtucket office at 175 Main Street
 - It closed on September 6, 2012
- \$0.4 million savings assumed in FY 2013
 - Mostly lease costs, other operating savings
- 16 staff transferred to 3 of 4 remaining offices
 - Providence, W. Warwick, and Woonsocket
 - Equipment not needed for remaining staff was sent to surplus through State Properties

Pawtucket NetWorkRI Office

- DLT in consultation with City to maintain a presence, but less expensive lease
 - DHS maintains an office: 24 Commerce St.
- DLT has been conducting workshops in the Pawtucket library once a month
 - Low attendance, 2 people at the last workshop
- Placed computers with EmployRI access in community based organizations in the City

Capital Projects

- Gov. includes \$2.3 million for 2 projects in FY 2013
- Includes \$1.3 million from RICAP for asset protection in the 5-year plan
 - only includes funds for 3 years, consistent w/ request

	FY 2013	FY 2014	FY 2015	FY 2016	Total
Slate Roof	\$1.6	-	-	-	\$1.6
Asset Protection	\$0.7	\$0.7	\$0.5	\$0.2	\$2.0
<i>(in millions)</i>					

Other Programs

- Workers' Compensation
- Trade Adjustment Act Assistance
- Senior Community Service Employment
- Labor Relations Board

Workers' Compensation

Expenses <i>(without staffing)</i>	FY 2013 Enacted	FY 2013 Gov. Rev.	FY 2014 Gov.	FY 2014 to Enacted
Second Injury Fund	\$2,060,762	\$2,431,909	\$2,332,047	\$271,285
Donley Center	1,590,615	1,730,724	1,741,893	151,278
Claims Monitoring & Data Processing	445,797	456,190	451,445	5,648
Education Unit	293,194	297,438	301,435	8,241
Self-Insurance	4,959	5,339	5,904	945
Total	\$4,395,327	\$4,921,600	\$4,832,724	\$437,397

Trade Adjustment Assistance

- Federally funded program to help workers whose job loss was due to foreign trade
- Between \$2-3 million less than enacted – fewer workers eligible and interested

	FY 2013 Enacted	FY 2013 Gov. Rev.	FY 2014 Gov. Rec.	Change to Enacted
Weekly benefit allowances	\$2.0	\$1.5	\$1.8	(\$0.2)
Education, training & related costs	5.2	3.4	2.2	(3.0)
Total (in millions)	\$7.2	\$4.9	\$4.0	(\$3.2)

Senior Community Service Employment

- Federally funded program for subsidized, part-time community service and work-based training to low-income adults over 55
 - Goal is training through temporary subsidized employment at host agencies which hopefully lead to employment

	Enacted	FY 2103 Gov. Rev.	FY 2014 Gov. Rec.	Change to Enacted
Expenditures	\$480,980	\$523,062	\$477,899	(\$3,081)

Labor Relations Board

- Governor includes \$0.4 million in both years
- Approx. \$265,000 for 2.0 full-time staff and \$43,300 for operations and legal services
- Seven-member Board including a chairperson
 - Currently six members and one vacancy
 - Gov. includes about \$85,500 for Board
 - Continues to assume one unfunded vacancy

Department of Labor and Training

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