

# Department of Labor and Training

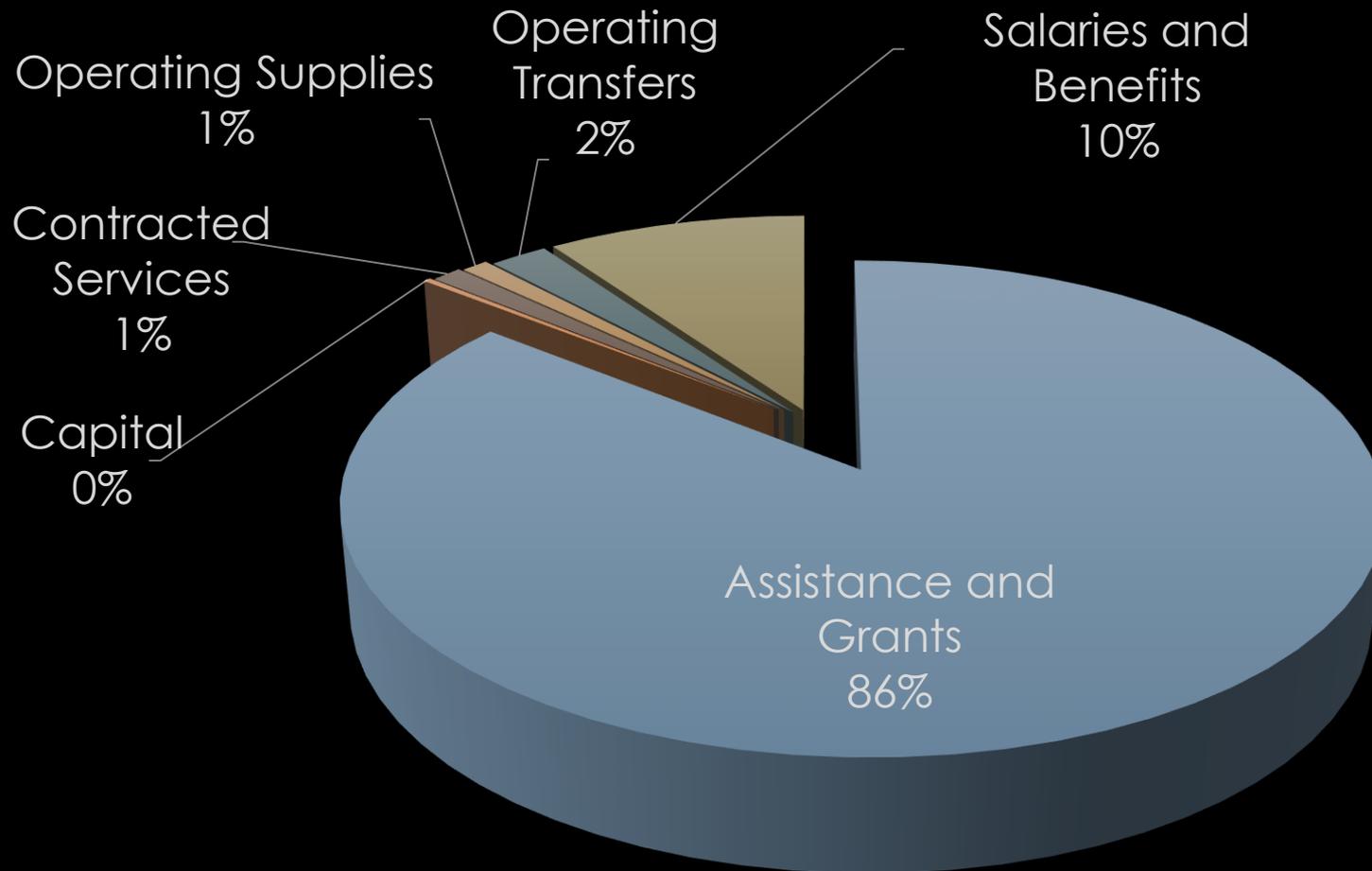
FY 2017 Revised, FY 2018 & Capital Budgets  
Staff Presentation  
April 5, 2017

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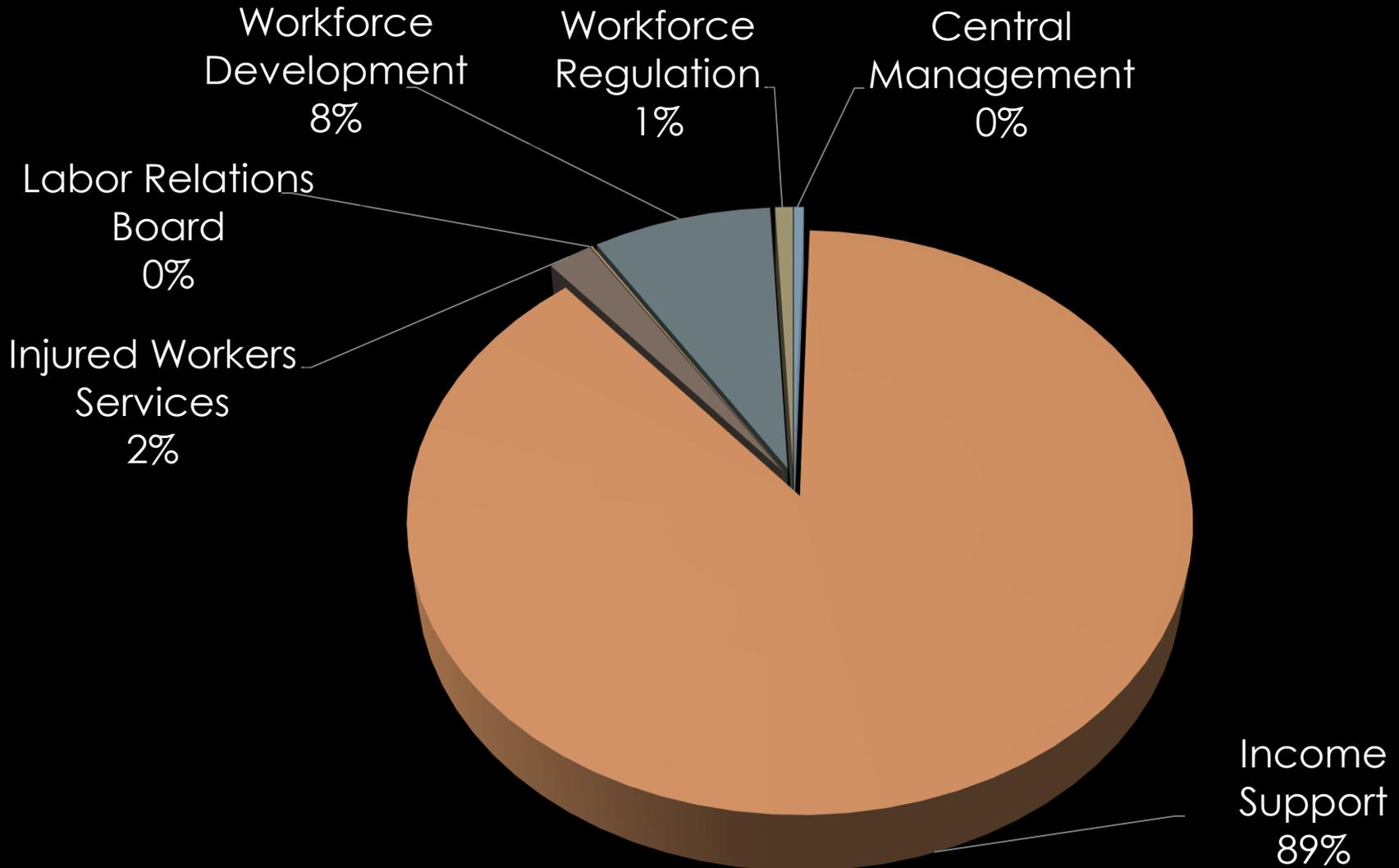
# Summary of Governor's Recommendations

Source (in millions)	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2018 Gov.	FY 2018 Chg. to Enacted
General Revenues	\$8.2	\$8.1	\$8.8	\$0.5
Federal Funds	38.5	49.2	35.5	(3.0)
Restricted Receipts	23.6	29.7	24.1	0.5
Other Funds	349.3	357.5	360.1	10.8
<b>Total</b>	<b>\$419.5</b>	<b>\$444.6</b>	<b>\$428.4</b>	<b>\$8.9</b>

# FY 2018 Summary by Category



# FY 2018 Summary by Program



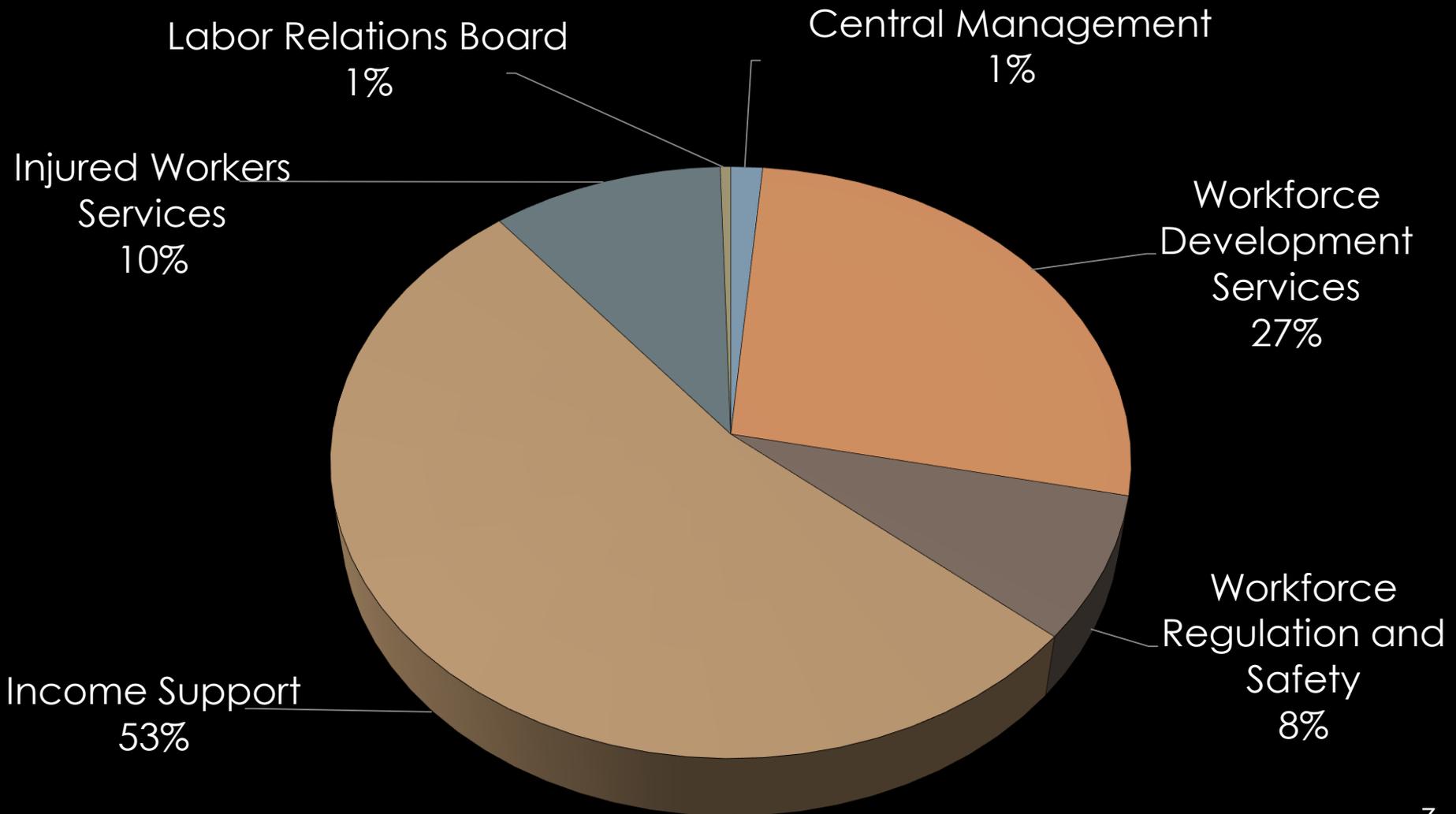
# Target Budget

- Budget Office provided a general revenue target of \$7.9 million
  - Current service adjustments of \$31,100
  - 8% reduction of \$0.3 million
- Constrained request is \$0.8 million above the target
  - Includes new staff and a \$0.3 million reduction to jobs programs
  - Recommendation also \$0.8 million above but includes less for staffing

# Full-Time Equivalent Positions

Full-Time Positions	FTEs	Change to Enacted
Enacted Authorization	409.5	-
FY 2017 Rev. Req./ Gov.	436.2	26.7
FY 2018 Request	436.2	26.7
FY 2018 Gov. Rec.	433.7	24.2
FY 2016 Average filled	401.1	(8.4)
Filled as of April 1, 2017	406.1	(3.4)

# Positions by Program – Gov. FY 2018



# Personnel – FY 2017 Rev. Recommendation

- \$3.0 million more than enacted
  - \$2.6 million for 26.7 new FTEs
  - \$71,384 for 1.0 Policy Analyst from the Governor's Office being charged to GWB
  - \$16,028 more from general revenues
  - \$2.0 million in one-time Reed Act funding
- Funds approx. 425 positions
- 406.1 FTE filled as of April 1, 2017

# Personnel – FY 2018 Recommendation

- \$41.3 million from all funds
  - \$3.8 million from general revenues
- Includes 433.7 FTE
  - Funds approx. 413 positions
- \$3.1 million more for 26.7 new FTEs
  - \$0.7 million more from general revenues
  - 2.5 FTEs fewer than requested

# Statewide Savings

- Assessment to salaries that funds workers' comp., unemployment & unused leave
  - Lowered from enacted based on experience
    - Savings of \$1.2 million in FY 2017
    - Savings of \$1.5 million in FY 2018
- Medical benefit cost growth
  - Lower than initial estimates
    - Savings of \$2.6 million in FY 2018
- Total impact to the Department
  - \$4,979 in FY 2017; \$16,113 in FY 2018

# New FTEs

## FY 2017 & FY 2018

Program	FTE	FY 2017 Gov. rev.		FY 2018 Gov. rec.	
		GR	All Funds	GR	All Funds
Workforce Regulation and Safety	4.0	\$ 240,431	\$ 392,801	\$ 245,729	\$ 400,737
Integrity and Compliance Unit	2.0	\$ -	\$ 237,335	\$ -	\$ 218,397
Real Jobs Rhode Island	1.0	\$ -	\$ 81,107	\$ -	\$ 95,602
Governor's Workforce Board	1.0	\$ -	\$ 93,110	\$ -	\$ 144,966
Public Relations	1.0	\$ 7,354	\$ 73,542	\$ 11,521	\$ 115,211

# New FTEs

## FY 2017 & FY 2018

Program	FTE	FY 2017 Gov. Rev.		FY 2018 Gov.	
		GR	All Funds	GR	All Funds
Hearing Unit	1.5	\$ -	\$ 86,907	\$ -	\$ 177,715
State Workforce and Education Alignment Project	1.0	\$ -	\$ 108,874	\$ -	\$ 113,483
Linking to Employment Activities	1.0	\$ -	\$ 92,719	\$ -	\$ 117,351
Unemployment Insurance	14.2	\$ -	\$ 1,390,657	\$ -	\$1,735,545
<b>Total</b>	<b>26.7</b>	<b>\$ 247,785</b>	<b>\$ 2,557,052</b>	<b>\$257,250</b>	<b>\$3,119,007</b>

# Real Jobs Rhode Island

- Workforce & economic development initiative
  - Collaborative, flexible and business-led
  - Address business workforce demands
- Designed to ensure that employers have the talent they need to compete and grow
- Provide targeted education & skills training

# Real Jobs Rhode Island

- As of April 2017 the program had 756 participants
- Funding used to create 26 strategic industry partnerships
  - Develop training, education, & HR solutions to address business & talent needs
  - From more than 11 sectors including marine trades, defense, construction, design and health care

# Real Jobs Rhode Island

Real Jobs Rhode Island Funding		
	FY 2017 Rev.	FY 2018
Federal	\$3.6	\$1.2
Job Development Fund	2.2	1.6
<b>Total</b>	<b>\$5.8</b>	<b>\$2.8</b>
<i>\$ in millions</i>		

# Governor's Workforce Board - Grants and Operations

- Statutory authority to plan, coordinate, fund and evaluate workforce development activities
  - Funding from the Job Development Fund
    - 0.21% assessment on employer's payroll
  - Generates \$14.7 million for the Board's use
  - Gov. recommends \$15.8 million for FY 2017 and \$11.0 million for FY 2018

# Employ Rhode Island

- \$150,000 for FY 2017
- \$38,945 for FY 2018
  - Funding from the Social Security Administration
- Free online recruiting resource for businesses to help fill staff vacancies
- New documents manager module
- Switch to a paperless application process

# Dislocated Workers

- Federal Funds used to train laid-off workers
- Provides job counseling, apprenticeships and job placement
- \$0.2 million for FY 2018
  - \$0.2 million less than enacted
- \$2.2 million for FY 2017
  - \$1.8 million more than enacted

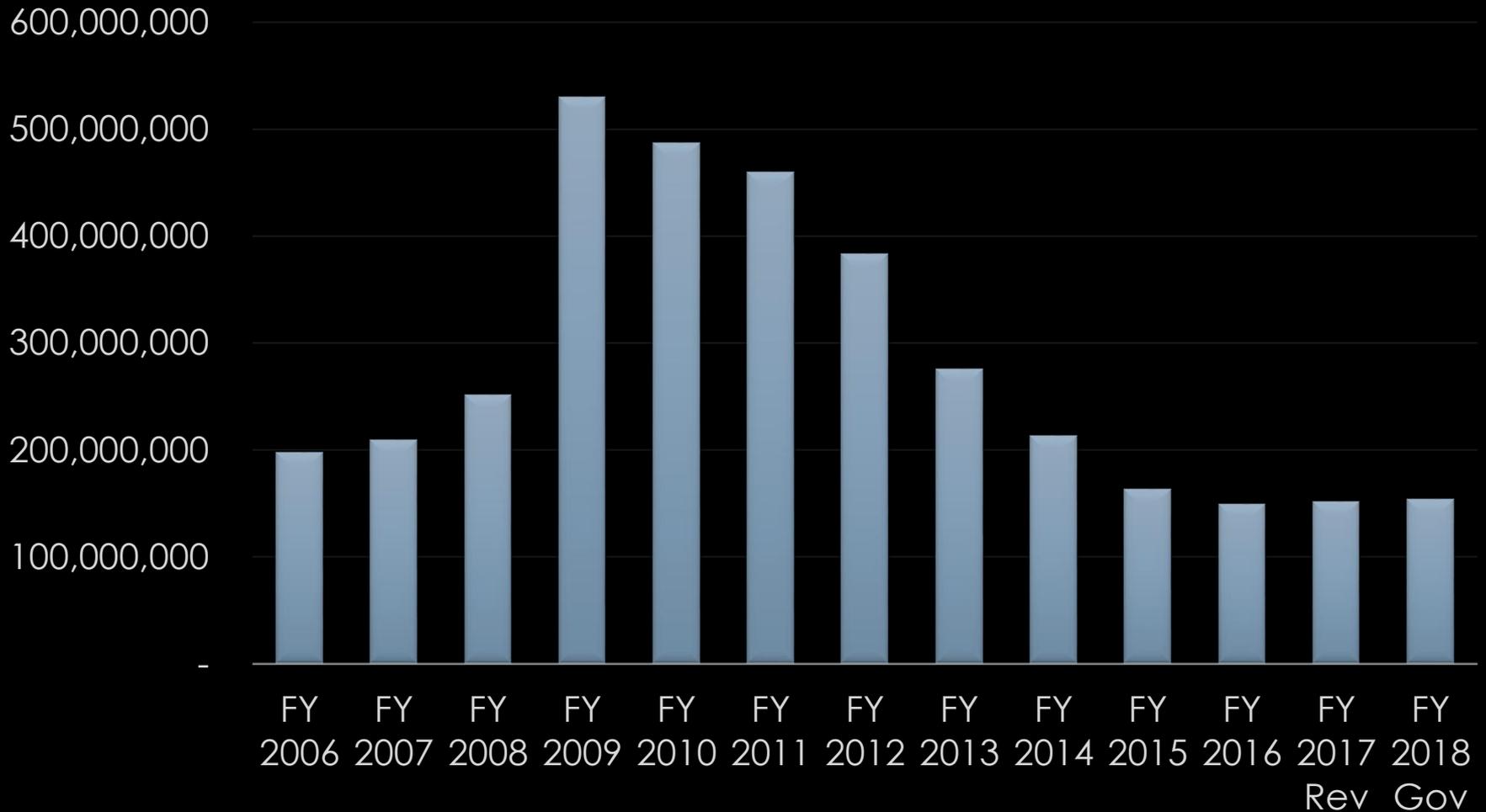
# Trade Readjustment Act

- Federal funds used to support qualified workers affected by foreign trade
- Training, counseling, job placement, job search and relocation assistance
- \$1.0 million for FY 2018
  - \$0.6 million more than enacted
- \$2.4 million for FY 2017
  - \$1.9 million more than enacted

# Trade Readjustment Act

Activity	FY 2013	FY 2014	FY 2015	FY 2016
Companies Certified	4	4	3	2
# of Participants	305	164	96	135
# Trained	186	123	58	66
Expenditures	\$ 2,537,514	\$ 1,247,406	\$ 483,899	\$ 255,080

# Unemployment Insurance Benefits Payments



# UI Information Technology System

- RI joined into a consortium with Maine and Mississippi to develop a new unemployment and insurance tax and benefit system
- Federal award of \$90.0 million
  - \$60.0 million for centralized program development
  - \$10.0 million to each state to develop the program to its specific needs

# UI Information Technology System

- Benefit system scheduled to go live March 2019
- Tax system scheduled to go live following the UI benefit system
- Gov. FY 2018 – \$3.4 million
  - \$0.9 million less than enacted
- Gov. revised FY 2017- \$6.6 million
  - \$2.2 million more than enacted

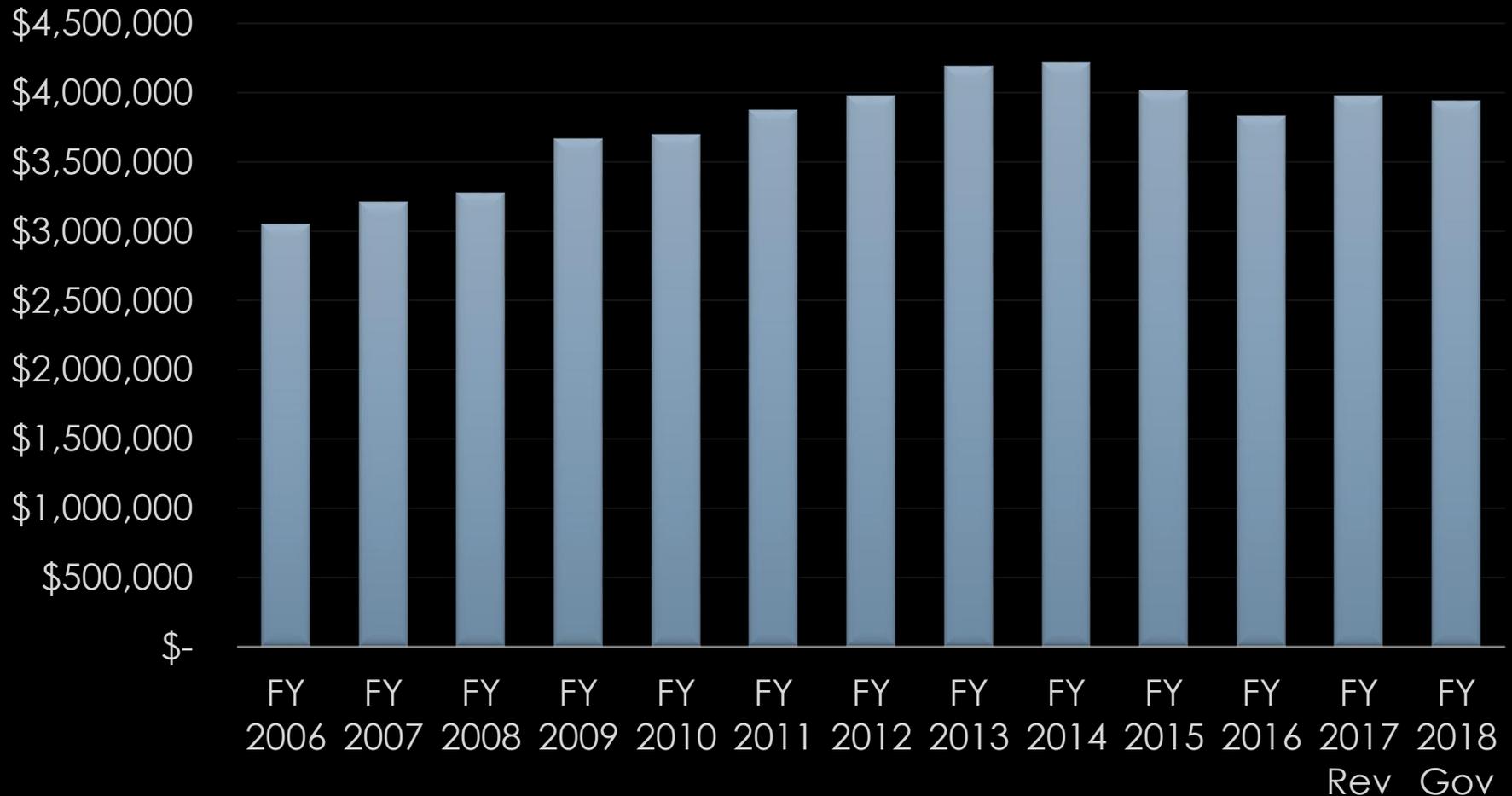
# Police and Fire Relief Fund

- Annuity benefits to surviving spouses of deceased police & firefighters
- Education benefits for
  - Spouses & children of deceased or disabled officers and firefighters
  - Disabled worker

# Police and Fire Relief Fund

- Gov. FY 2018 – \$3.9 million from general revenues
  - \$0.1 million less than enacted
- \$3.3 million for annuities/pensions
  - \$3,600 per year for surviving spouse
  - \$1,200 per year for dependent child
- \$0.6 million for tuition (URI, RIC, CCRI)
- Gov. revised \$0.1 million less than enacted

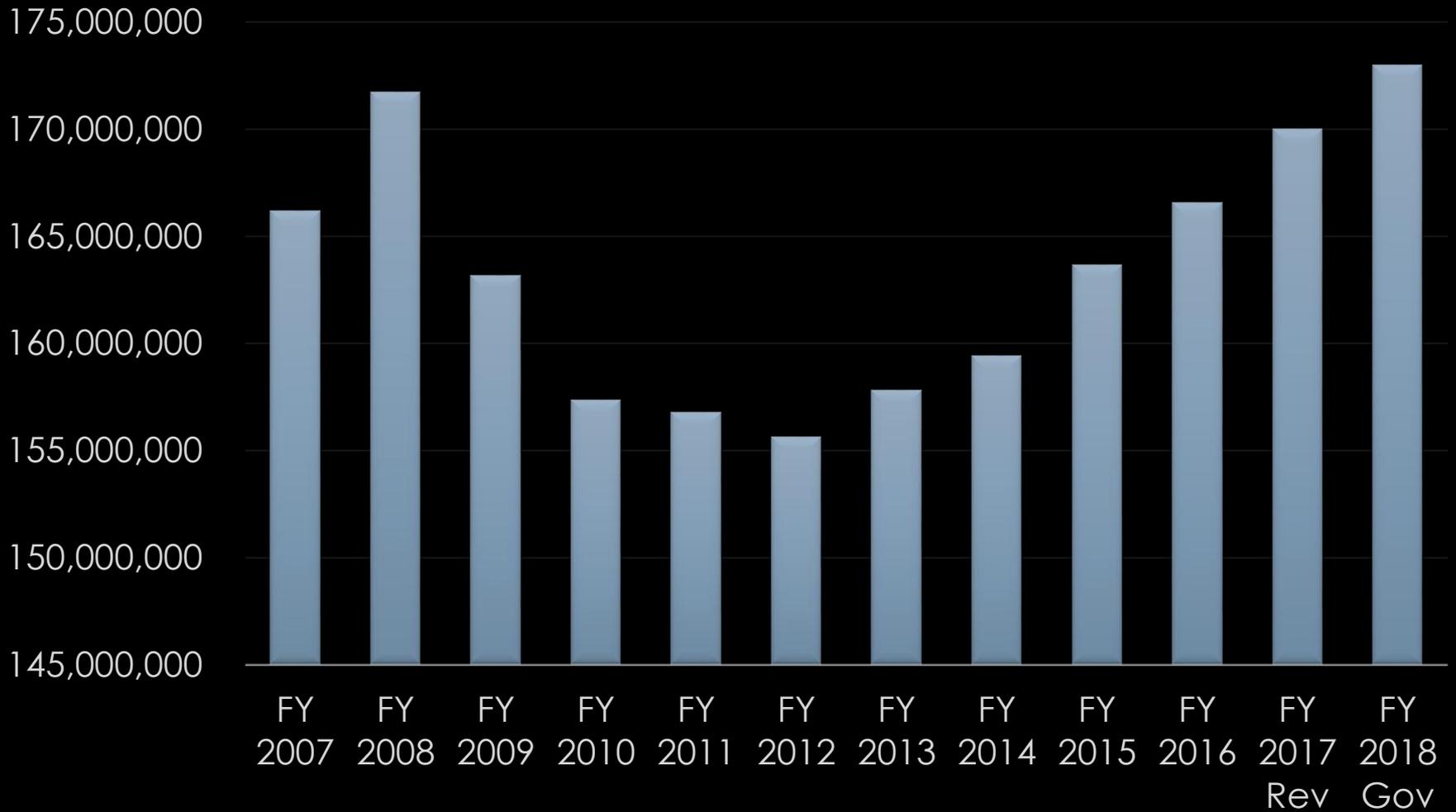
# Police and Fire Relief Benefit Payments History



# Temporary Disability Insurance

- Funded entirely by RI worker contributions
- Only 4 other states have TDI
  - New York, New Jersey, California and Hawaii
- Governor includes benefit payments of \$170.0 million in FY 2017 & \$173.0 million in FY 2018

# TDI Benefit Payments History



# Temporary Caregiver Insurance

- 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
  - FY 2015 was the 1st full year
- Governor includes \$12.5 million in FY 2017 and \$14.5 million in FY 2018

# Temporary Caregiver Insurance

- Same benefit amount as TDI program
  - Replaces about 60% of gross weekly pay
    - Taxable; TDI is not
  - Must contribute to TDI to be eligible
- 2 of the 4 other TDI states have similar programs: California and New Jersey
- 9,937 TCI claims filed in 2016
  - 20.6% of the 48,281 TDI applications
  - 20,977 TCI payments in 2016 - \$11.2 million

# Article 21 – DLT Fees & Fines

FY 2018 Budget	
Apprentice fees	\$(45,000)
Employee misclassifications	100,000
Electrical trades violations	100,000
Employer wage & hour violations	150,000
Failure to maintain payroll records*	300,000
<b>Total General Revenues</b>	<b>\$605,000</b>
Unemployment tax penalties	125,000
<b>Total All Sources</b>	<b>\$730,000</b>

*\*Not part of the article but revenues assumed in Governor's budget*

# Article 21 – DLT Fees & Fines

- Sections 1 – 4: Apprentice Fees
  - Exemption for some
    - Sponsors holding contractor/master license
    - Apprentices in US Department of Labor approved educational programs
  - Article would eliminate all fees
  - DLT requested legislation as a mechanism to incentivize employers to establish apprenticeship programs

# Article 21 – DLT Fees & Fines

- Section 5: Electrical Trades Violations
  - Current law:
    - \$500 for first violation
    - \$950 for subsequent violations
  - Article 21 increases penalty for violations
    - \$1,500 for first violation
    - \$2,000 for subsequent violations
  - Would be consistent with the other trades in the professional regulation unit
  - Budget includes \$100,000 more revenue

# Article 21 – DLT Fees & Fines

- Section 6: Employer Wage & Hour Violations
  - New penalty for employers that violate wage & hour laws
    - 15%- 25% of total wages owed for a first violation
    - 25%- 50% for subsequent violations in a three year period
  - \$150,000 in additional revenue assumed
    - About 500 claims annually

# Article 21 – DLT Fees & Fines

- Section 7: Employee Misclassification
  - Increase employee misclassification minimum penalty
    - \$500 to \$1,500 for each misclassification
  - Estimated to generate \$100,000
    - Shared between DLT & claimant pursuant to state law
  - Budget includes \$100,000 additional revenue
    - Appears only \$50,000 would go to state

# Article 21 – DLT Fees & Fines

- Failure to Maintain Payroll Records
  - DLT will implement a new penalty for employers that do not maintain payroll records
  - \$250 per quarter
    - Would be \$3,000 for an employer that does not maintain payroll records for 3 years
  - Authority through rules and regulations
  - Not in Article but Governor's budget assumes \$300,000 in additional revenues

# Article 21 – DLT Fees & Fines

- Section 8: UI Penalties
  - Current law: \$10 penalty for failure to submit a timely employer unemployment tax report
    - Levied every day up to max of \$150
    - Increases penalty to \$25 with a maximum of \$200
    - Penalty for non-payment unchanged at 10% of amount due
  - Neither fee has increased in decades
  - Both measures expected to generate \$125,000 of receipts for DLT

# Workers' Compensation

Expenses - Restricted Rec.	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2018 Gov.	FY 2018 to Enacted
Salaries & Benefits	\$4.9	\$5.2	\$5.4	\$0.5
Director's Office	0.1	0.3	0.1	-
Second Injury Fund	1.6	1.3	1.3	(0.3)
Donley Center	1.8	1.8	1.8	-
Claims & Data	0.5	0.5	0.5	-
Education Unit	0.3	0.3	0.3	-
Self-Insurance	-	-	-	-
<b>Total</b>	<b>\$9.2</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$0.2</b>
<i>\$ in millions</i>				

# Capital Projects

Project	Source	5-Year Total	Project Total	End Date
Center General Roof	Federal, Restricted Receipts, RICAP, TDI Funds	\$ -	\$ 2.2	FY 2017
Asset Protection	RICAP	\$ 4.5	\$ 7.4	FY 2021
<b>Total</b>		<b>\$ 4.5</b>	<b>\$ 9.6</b>	
<i>\$ in millions</i>				

# Reporting Requirements

- Required to submit 4 reports - timely

Title	Author	Schedule
Biennial Employment & Training Plan	Governor's Workforce Board	Biennial
Unified Workforce Development Expenditure & Program Report	Governor's Workforce Board	Annual
Governor's Workforce Board Annual Report	Governor's Workforce Board	Annual
Department of Labor and Training Annual Report	DLT Director	Annual

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