



DEPARTMENT OF WORKFORCE SERVICES

ADMINISTRATION

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: STEPHEN JARDINE AND RUSSELL FRANSEN

BUDGET BRIEF

**SUMMARY**

The Fiscal Analyst’s FY 2014 recommended budget is \$12,071,400 for the Administration line item. This recommendation is \$235,000 lower than the FY 2013 Revised Budget. This funding level supports 93 FTE. This brief highlights some issues in Administration as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Fiscal Analyst recommends that the Subcommittee approve the \$12,071,400 FY 2014 Recommended budget and the one proposed intent language statement.

**LEGISLATIVE ACTION**

1. The Fiscal Analyst recommends the FY 2014 budget of \$12,071,400 as shown in Table 2 on page 4. This includes an agency-requested transfer.
2. The Fiscal Analyst recommends approval of the intent language presented on page 2.

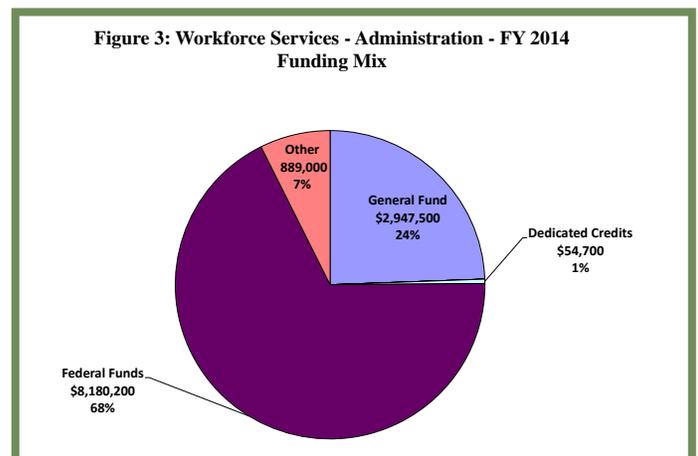
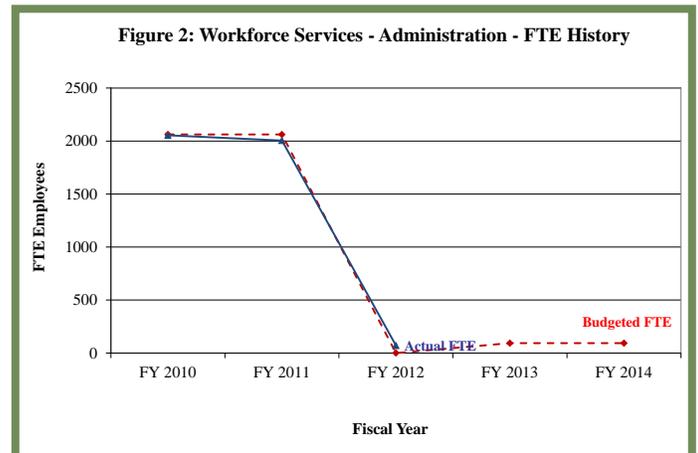
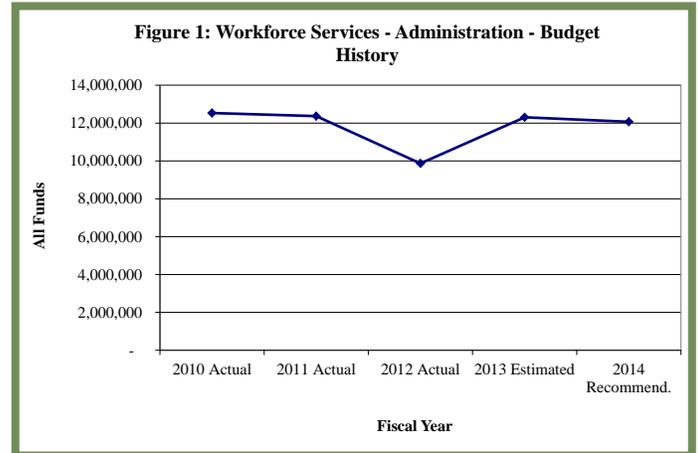
**OVERVIEW**

Administration is composed of five programs. **The Executive Director’s Office** provides executive management and overall strategy for the department’s operations. **Administrative Support** provides accounts payable, accounts receivable, budgeting, contract management, warehouse and mail services, and fleet and facilities management.

**Communications** provides customer correspondence oversight, media relations, website management, program publicity, and federal government relations. **Internal Audit** performs financial and program audits and takes the lead in ensuring proper internal controls. **Human Resources** conducts recruitments, grievances, and other personnel-related activities. These services are provided by the Department of Human Resource Management.

For additional information on Administration, please refer to the *Compendium of Budget Information* for the 2013 General Session found at:

[http://le.utah.gov/lfa/reports/cobi2013/agcy\\_600.htm](http://le.utah.gov/lfa/reports/cobi2013/agcy_600.htm).



**ISSUES**

***FY 2014 Budget Adoption***

Adoption of the FY 2014 budget enables the programs to continue for the next fiscal year at the level outlined. Some changes in the budget may occur, namely non-state fund increases or decreases (i.e. federal funds, transfers, dedicated credits, and non-lapsing balances) and program shifts within a line item.

***Department Requests for Consideration***

The department requests the following action from the Subcommittee for the Administration line item:

1. ***Authorize the following item of intent language recommended by the Governor:***

*Under Section 63J-1-603 of the Utah Code the Legislature intends that up to \$200,000 of the appropriations provided for the Administration line item in Item 12 of Chapter 14 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to computer equipment/software and special projects/studies.*

2. Authorize a department-requested technical adjustment integrating Housing and Community Development accounting staff with those in the Administration line item. This transfer comes as a result of H.B. 139, *Department of Community and Culture Amendments* (Harper, 2013 General Session) which moved the Division of Housing and Community Development to the Department of Workforce Services.

***Nine Findings in the Annual State Audit***

Included in this section are nine findings from the FY 2012 State Auditor's Annual Financial Audit (<http://www.sao.utah.gov/finAudit/rpts/2012/12-23.pdf>) of the Department of Workforce Services that the Legislative Fiscal Analyst thought would be of interest to the Legislature. Three of these findings deal with Medicaid and CHIP. The list below puts each finding beneath the program where most of the findings took place:

**General**

1. Noncompliance With Treasury-State Agreement – for three programs, the agency withdrew too much funds and had to return them following the audit.

**Medicaid**

2. Incorrect Eligibility Determinations - The State Auditor found something incorrect in 3% of the random sample of cases reviewed. The errors did not have any material impact as a client was placed on the wrong Medicaid program, but still qualified for Medicaid.
3. Third Party Liability Information Not Adequately Obtained or Updated - The State Auditor found problems with 2% or one of the random sample of cases reviewed. In the one case with an error, a newborn child had other coverage and the Office of Recovery Services worked to obtain \$236,200 for federal costs.

**Children's Health Insurance Program**

4. Incorrect Eligibility and Income Determinations - The State Auditor found something incorrect in 20% of the random sample of cases reviewed. The error ranged from incorrect eligibility determinations to incorrect calculations of client income.

**Low-income Home Energy Assistance Program (LIHEAP)**

5. LIHEAP Documentation And Eligibility Determination Errors - The State Auditor found problems with 15% of the random sample of cases reviewed. The problems ranged from verifying household members to income verification.

**Workforce Investment Act**

6. Eligibility Errors And Unallowable Activities - The State Auditor found problems with 59% of the random sample of payments reviewed for the Workforce Investment Act. The problems ranged from incorrect eligibility determinations, incomplete documentation for justifying expenses, and insufficient verification of client compliance with program requirements.

**Child Care**

7. Internal Control Weaknesses And Noncompliance - The State Auditor found problems with 22% of the random sample of cases reviewed for Child Care benefit payments. The problems ranged from not verifying provider charges, incorrect income determination, to not verifying the age of a child.

**Temporary Assistance for Needy Families**

8. ACF-204 Reporting Errors – one of the eight programs’ financial report of total expenditures was incorrect.
9. Noncompliance With Child Support Non-cooperation Reduction In Benefit Requirements - The State Auditor found problems with 1 of the 40 random sample of cases reviewed for denying Temporary Assistance for Needy Families to clients who do not cooperate in the child support collection process.

Table 1 shows some of the repeat findings in the annual state audit of Workforce Services and the error rates for different programs:

<b>Repeat Findings From Annual State Audits of Workforce Services</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Workforce Investment Act error rate for payments	14%	18%	69%	61%	59%
Child Care error rate for payments	1%	2%	6%	5%	22%
Children’s Health Insurance Program eligibility error rate	17%	30%	38%	24%	20%
Low-income Home Energy Assistance Program eligibility error rate	4%	N/A	N/A	12%	15%
Medicaid eligibility error rate	23%	13%	20%	12%	3%
Temporary Assistance for Needy Families compliance error rate	N/A	5%	20%	N/A	3%
Medicaid Third Party Liability Information error rate	3%	7%	3%	3%	2%

Table 1

***Other Sources***

- Workforce Services Annual Reports - <http://jobs.utah.gov/edo/annreport/index.html>
- State Plans - <http://jobs.utah.gov/edo/stateplans/index.html>

**ACCOUNTABILITY DETAIL**

DWS states, “the administrative programs serve as support programs to the rest of the department. As such, the success of the administrative programs is measured by the success of programs outside of administration.” The one administrative program for which there are direct and specific measurements is Internal Audit.

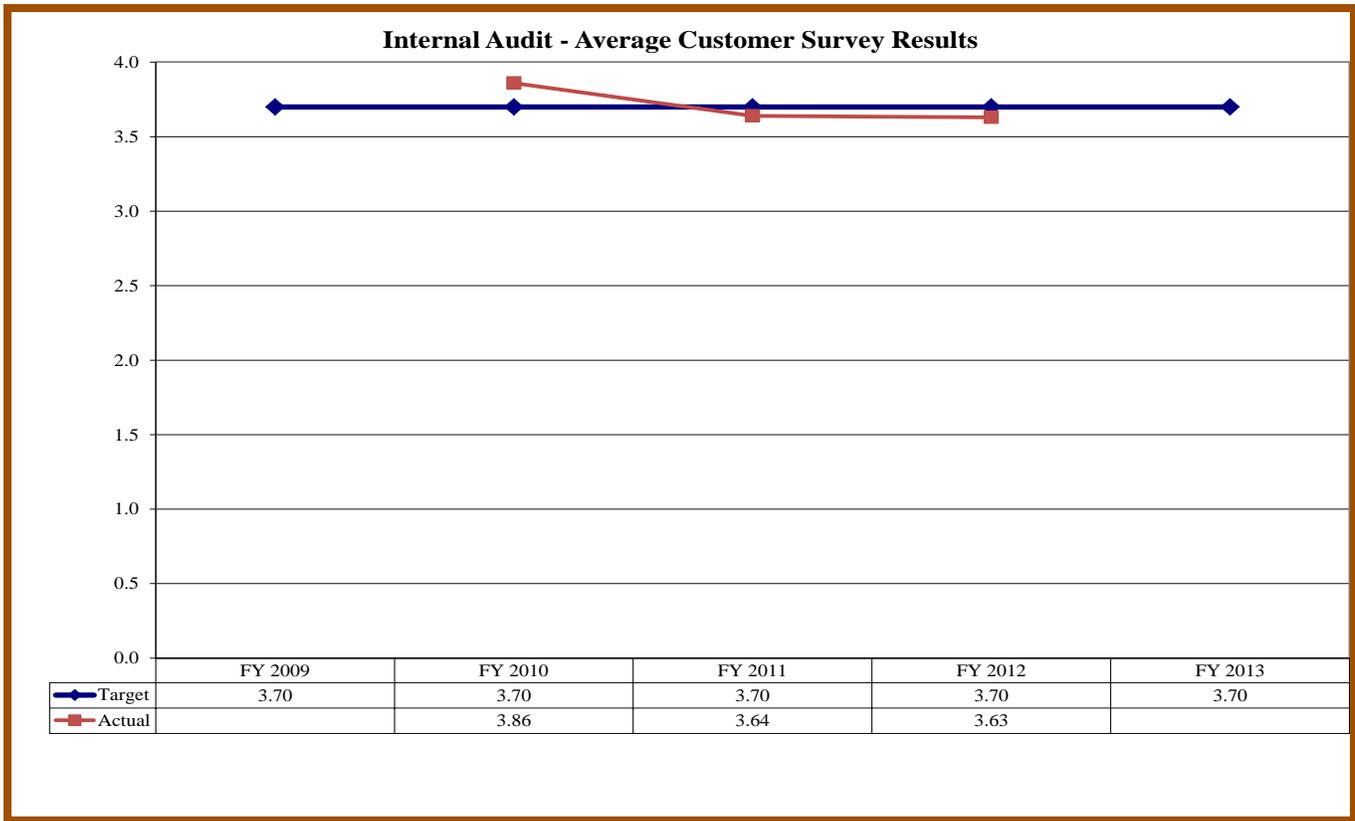


Figure 4

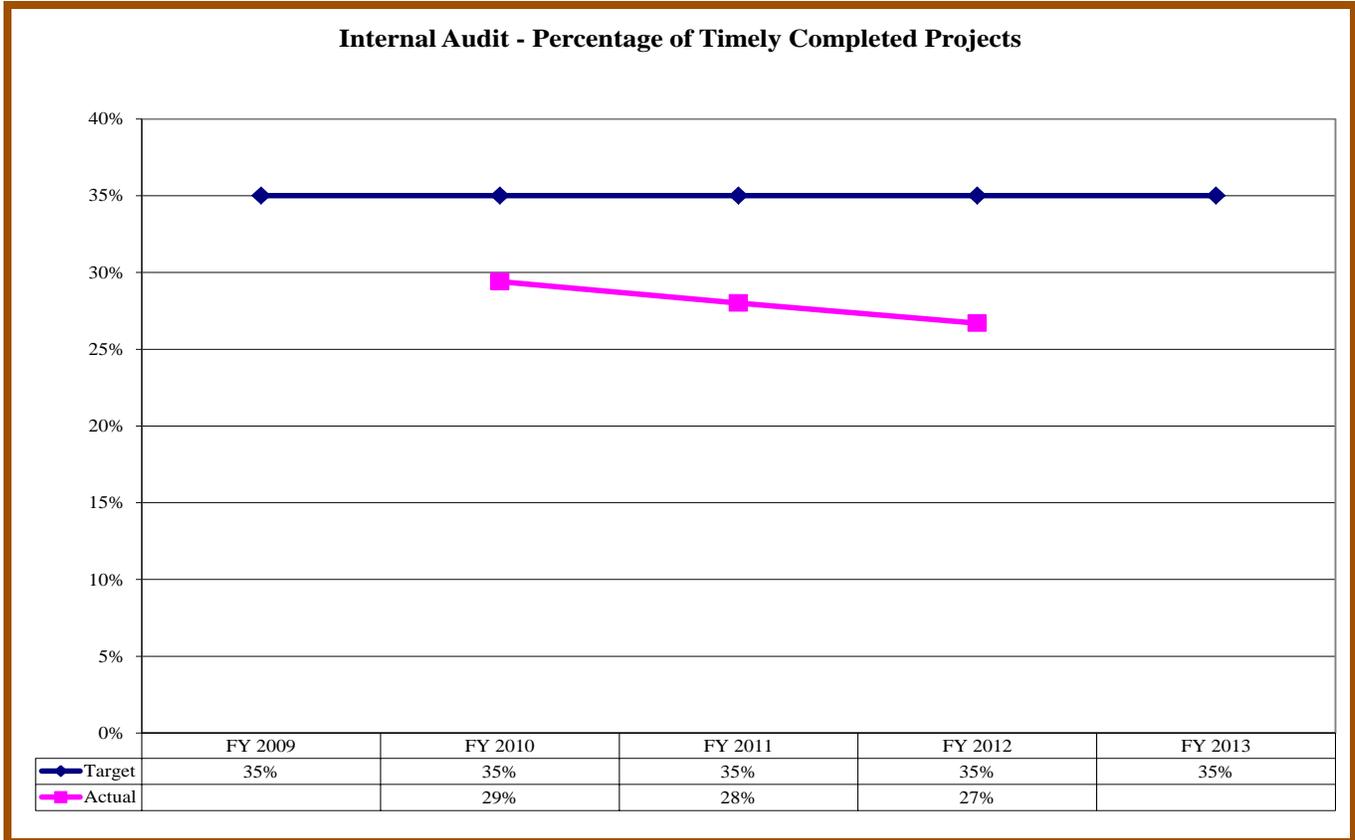


Figure 5

**BUDGET DETAIL**

Table 2 shows the budget history for Administration and its FY 2014 Recommended Budget. This proposed FY 2014 Budget consists of the ongoing portion of FY 2013 state funds (General Fund and various restricted funds) plus the most recent estimates of other funds (federal funds, dedicated credits collections, and various transfer or carry over funds). Estimated expenditures are then proposed based upon available funding.

<b>Workforce Services - Administration</b>						
<b>Sources of Finance</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Appropriated</b>	<b>Changes</b>	<b>FY 2013 Revised</b>	<b>Changes</b>	<b>FY 2014* Recommended</b>
General Fund	2,702,600	2,670,600	0	2,670,600	276,900	2,947,500
General Fund, One-time	0	33,600	276,900	310,500	(310,500)	0
Federal Funds	6,154,200	7,733,400	447,200	8,180,600	(400)	8,180,200
American Recovery and Reinvestment Act	(400)	0	0	0	0	0
Dedicated Credits Revenue	26,500	53,500	1,200	54,700	0	54,700
Permanent Community Impact	0	0	134,100	134,100	0	134,100
Transfers - Medicaid	1,068,000	1,377,400	(622,500)	754,900	0	754,900
Transfers - Other Agencies	(14,400)	0	0	0	0	0
Beginning Nonlapsing	135,600	0	201,000	201,000	(201,000)	0
Closing Nonlapsing	(201,000)	0	0	0	0	0
<b>Total</b>	<b>\$9,871,100</b>	<b>\$11,868,500</b>	<b>\$437,900</b>	<b>\$12,306,400</b>	<b>(\$235,000)</b>	<b>\$12,071,400</b>
<b>Programs</b>						
Executive Director's Office	1,987,300	1,966,900	1,097,200	3,064,100	(235,000)	2,829,100
Communications	725,200	881,000	84,400	965,400	0	965,400
Human Resources	1,095,300	1,153,800	5,800	1,159,600	0	1,159,600
Administrative Support	5,429,900	7,191,000	(710,400)	6,480,600	0	6,480,600
Internal Audit	633,400	675,800	(39,100)	636,700	0	636,700
<b>Total</b>	<b>\$9,871,100</b>	<b>\$11,868,500</b>	<b>\$437,900</b>	<b>\$12,306,400</b>	<b>(\$235,000)</b>	<b>\$12,071,400</b>
<b>Categories of Expenditure</b>						
Personnel Services	5,794,200	6,522,200	1,747,400	8,269,600	(235,000)	8,034,600
In-state Travel	24,300	12,600	5,600	18,200	0	18,200
Out-of-state Travel	34,000	45,200	(12,700)	32,500	3,900	36,400
Current Expense	3,988,600	5,254,500	(1,603,700)	3,650,800	13,800	3,664,600
DP Current Expense	25,100	34,000	301,300	335,300	(17,700)	317,600
Capital Outlay	6,600	0	0	0	0	0
Other Charges/Pass Thru	(1,700)	0	0	0	0	0
<b>Total</b>	<b>\$9,871,100</b>	<b>\$11,868,500</b>	<b>\$437,900</b>	<b>\$12,306,400</b>	<b>(\$235,000)</b>	<b>\$12,071,400</b>
<b>Other Data</b>						
Budgeted FTE	0	74	20	93	0	93
Actual FTE	71	0	0	0	0	0
Vehicles	18	15	3	18	0	18

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Table 2