



# DEPARTMENT OF WORKFORCE SERVICES – OPERATIONS AND POLICY

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: STEPHEN JARDINE & RUSSELL FRANSEN

BUDGET BRIEF

## SUMMARY

The Fiscal Analyst’s FY 2014 recommended budget is \$691,633,300 for the Operations and Policy line item. This recommendation is \$22,918,100 lower than the FY 2013 revised budget. This funding level supports 1,515 FTE. This brief highlights some issues in the Operations and Policy line item 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 \$691,633,300 recommended budget, the three proposed intent language statements, and two other adjustments.

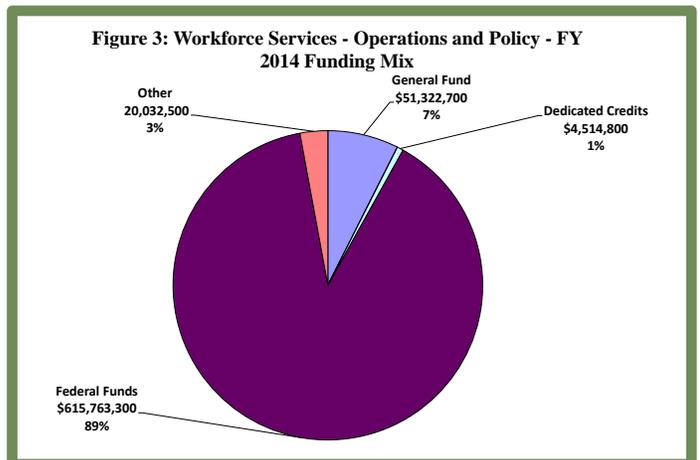
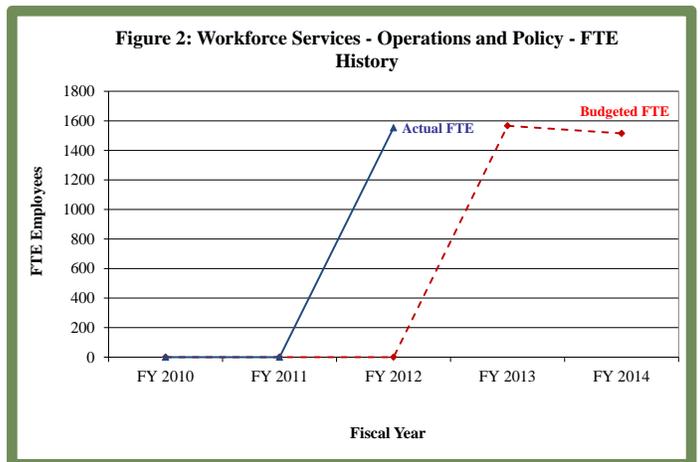
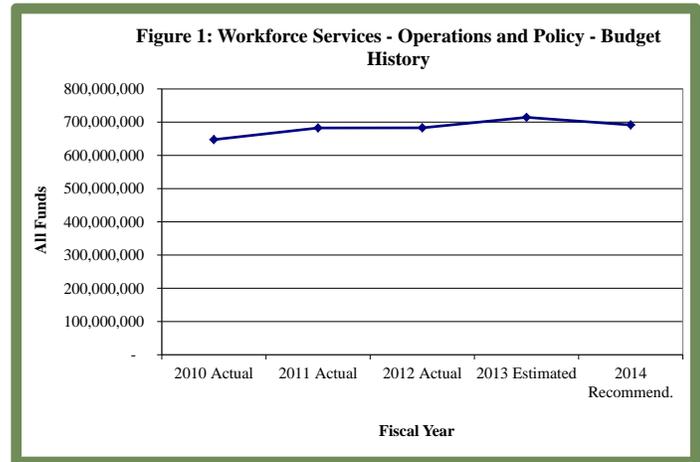
## LEGISLATIVE ACTION

1. The Fiscal Analyst recommends an FY 2014 budget of \$691,633,300 as shown in the Table 1 on page 5.
2. The Fiscal Analyst further recommends the Subcommittee reduce General Fund from the Medicaid and Health Financing - Medicaid Operations line item to reflect the savings associated with the audit recommendation regarding plastic eligibility cards as discussed on page 4.
3. The Fiscal Analyst recommends approving the three items of intent language found on page 4.
4. The Fiscal Analyst recommends authorizing an additional \$1,666,100 in dedicated credits above what was appropriated for FY 2013 in order to comply with UCA 63J-2-202 as discussed on page 4.

## OVERVIEW

Operations and Policy is the main line item for the Department of Workforce Services (DWS). It houses the various programs that comprise much of the agency. These include the following (listed by size of budget):

- **Nutrition Assistance:** provides benefits (in the form of electronic benefits on debit cards) to low-income people. Food stamp benefits are for eligible food in authorized retail food stores and cannot be used to buy tobacco, alcoholic beverages, items that cannot be eaten, or already-prepared foods. Items purchased with Food Stamps are not subject to sales tax.



- **Workforce Development:** helps develop skills and abilities of job seekers to meet the demands of employers by providing information on jobs, training, skills development, and placement services.
- **Eligibility Services:** specializes in determining eligibility for a variety of DWS programs including TANF, Child Care, Medicaid, CHIP, Food Stamps, General Assistance, and Refugee Relocation.
- **Temporary Assistance to Needy Families (TANF):** provides cash assistance to work eligible single parent and two parent families that is time limited to 3 years in a life time. The primary mission is employment with an emphasis on wage progression and retention.
- **Child Care Assistance:** provides child care subsidies and improvements to child care facilities to ensure quality child care. The services provide assistance to parents as they work to support their families.
- **Information Technology:** develops and maintains business applications and supports desktop and network computers.
- **Facilities and Pass-Through:** accounts for expenditures that are beyond the span of control of any specific program such as rents, leases, and EBT (electronic benefits transfer) Card administrative fees.
- **Workforce Investment Act Assistance:** provides training and intervention services for adults, dislocated workers, and youth.
- **Refugee Assistance:** provides various services to stabilize refugee families including basic food and shelter, English language training, and specialized job skills training.
- **Other Assistance:** includes federal grant awards (e.g. - State Energy Sector Partnership grant, Wagner Peysen, Health Coverage Tax Credit Bridge Program, and the Education Training Voucher), Special Administrative Expense Account activities, Medical assistance payments, and repayment of disallowed costs.
- **Workforce Research and Analysis:** consists of a decision-support unit of economists and analysts providing labor market, economic, and program information needed to make business decisions, evaluate programs, allocate resources, distribute workload, and develop service delivery strategies.
- **Trade Adjustment Act Assistance:** The program is designed to provide training and other services that will assist individuals who have lost their employment due to foreign trade in reattaching to the workforce at a level of suitable employment. Suitable employment is defined as at least 80 percent of their layoff wage. Eligibility for the trade act is determined by the Department of Labor.

For additional information on the Workforce Services Operations and Policy line item, please refer to the *Compendium of Budget Information* for the 2013 General Session found at: [http://le.utah.gov/lfa/reports/cobi2013/LI\\_NJB.htm](http://le.utah.gov/lfa/reports/cobi2013/LI_NJB.htm).

## **ISSUES AND RECOMMENDATIONS**

### ***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 actions from the subcommittee for the Operations and Policy line item:

1. ***Provide \$419,600 in one-time General Fund and \$3,776,400 in federal funds for FY 2013 and \$54,200 in ongoing General Fund and \$487,800 in federal funds for FY 2014 to complete the DWS portion of the Health Care Exchange required by the Affordable Care Act.*** The Governor recommends funding this request. *Should additional resources become available to the Subcommittee, the Fiscal Analyst would recommend funding this item.*
2. ***Provide \$2,763,000 in one-time General Fund for FY 2014 to pay for continued development of the UtahFutures system.*** "UtahFutures.org is Utah's career information system for students, job seekers, employment service providers, [and] educational institutions . . . featuring cutting-edge career planning tools, leading labor market information, job search success skills, education and training options and direct links to Utah employers and

employment opportunities” [[UtahFutures.org](http://UtahFutures.org)]. UtahFutures.org is provided free of charge. UtahFutures is a joint effort involving GEAR UP (a U.S. Department of Education grant program), Utah State Office of Education, Utah Higher Education Assistance Authority, Utah State Office of Rehabilitation, Department of Workforce Services, and the Utah State Library. DWS has been designated as the lead agency and is providing 80 percent of the development funding. After the development proposed in this request, an additional \$1,200,000 in ongoing funding will be needed to maintain the system. The Governor established through executive order the UtahFutures steering committee which issues yearly “analytics that measure the effectiveness of the site.” The 2012 analytics show a yearly increase in some measures (e.g. - total hits to the site up 3%, total active users up 19.9%, and total test prep tests up 507.9%) while other measures show a yearly decrease (e.g. - total sessions down 2.8%). The Governor recommends funding this request with \$2,400,000 one-time General Fund. *Should additional resources become available to the subcommittee, the fiscal analyst would recommend funding this item with \$2,400,000 one-time General Fund.*

3. **Appropriate \$4,576,000 in one-time federal Reed Act funds to maintain increased efforts to provide employment and other job connecting activities to individuals and employers.** DWS typically uses federal Wagner Peyser funds to pay for employment related services. FY 2014 Wagner Peyser funding is anticipated to be 20 percent less than it was in FY 2008. DWS is currently dipping into a reserve fund it created from additional Wagner Peyser funds it received in the past because of a reduction in Wagner Peyser funding and an increased focus on employment activities. DWS explains its rationale for doing so as follow: “By placing the unemployed in jobs and the under-employed in better jobs, the department is able to reduce demand for public assistance programs and Unemployment Insurance. Those placed in jobs are also able to contribute to the economy through their employment.” The use of this reserve fund is time limited and at the current pace is expected to be depleted in FY 2015. The Governor recommends funding this one-time request for FY 2014. *The Analyst recommends the authorization of this funding combined with additional intent language requiring the department to report back on the status of its employment development projects as shown under item number 8 in this section regarding intent language.*
4. **Provide \$5,890,300 in one-time funding from the Special Administrative Expense Account to fund Job Growth Projects.** The department is requesting an appropriation of funds from the Special Administrative Expense Account (SAEA) to continue what DWS refers to as ‘demand driven employment activities.’ These employment activities are being done throughout the state. SAEA money includes interest and penalties collected in association with unemployment as found in the [Employment Security Act](#). When the Special Administrative Expense Account is used for anything not directly related to unemployment insurance activities, [UCA 35A-4-506\(6\)](#) requires a payment back to the account equal to the cost of collection of penalties and interest. The statute currently sets that cost at 22 percent of the appropriation level. For a requested project amount of \$4,828,100, this would require a payment of \$1,062,200. The Governor recommends funding this request for FY 2014. For a more detailed description of this request, see the issue brief *Workforce Services Job Growth Projects* (2013 General Session). *The Analyst recommends the authorization of this funding combined with additional intent language requiring the department to report back on the status of its employment development projects as shown under item number 8 in this section regarding intent language.*
5. **Provide \$1,145,200 in one-time General Fund and \$2,476,400 in federal Medicaid funds for FY 2013 and \$14,610,400 in ongoing General Fund and \$14,842,400 in federal Medicaid funds for FY 2014 for all health care expansions associated with the federal Affordable Care Act.** The Governor recommends funding this request for the mandatory changes in the Affordable Care Act with \$6,398,800 ongoing and \$642,400 one-time General Fund. *Should additional resources become available to the Subcommittee, the Fiscal Analyst would recommend funding this item at \$642,400 one-time General Fund.*
6. **Provide \$8,241,600 in one-time General Fund for FY 2013 and \$8,241,600 in ongoing General Fund for FY 2014 to eliminate a Structural Imbalance.** DWS is requesting funds to meet current budget levels with ongoing General Fund. DWS is currently using time-limited excess TANF funds to cover ongoing expenditures. This has created a structural imbalance between ongoing revenues and ongoing expenditures. Using these excess TANF funds will run out under current spending patterns by 2015 and would present a shortfall in covering current expenditures. DWS is requesting funds to meet current budget levels with General Fund. This request is supporting existing department expenditures consisting of DWS staff and related staff costs. The Governor did not recommend funding this request at this time.

For a more detailed description of this request, see the issue brief *Workforce Services Structural Imbalance* (2013 General Session).

7. **Provide \$2,043,100 in one-time General Fund and \$9,956,900 in federal funds for FY 2013 and \$2,043,100 in ongoing General Fund and \$9,956,900 in federal funds for FY 2014 to draw down additional child care matching funds.** This money would restore funding for child care subsidies to 2009 General Fund funding levels. Currently the Department uses TANF federal funds to meet some match requirements.

8. **Item of intent language for inclusion in FY 2014 recommended by the Governor**

*Under Section 63J-1-603 of the Utah Code the Legislature intends that up to \$3,100,000 of the appropriations provided for the Operation and Policy line item in Item 13 of Chapter 14 and Item 92 of Chapter 416 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 one-time projects associated with: 1) addressing client services due to caseload growth or 2) refugee services."*

*Under Section 63J-1-603 of the Utah Code the Legislature intends that up to \$3,900,000 of the appropriations provided for the Operation and Policy line item for the Special Administrative Expense Account in Item 13 of Chapter 14 and Item 92 of Chapter 416 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to "employment development projects and activities or one-time projects associated with client services." **The Legislature further intends DWS provide a detailed status and progress report on the use of Special Administrative Expense Account funds for employment development projects and activities as well as one-time projects associated with client services to the Office of the Legislative Fiscal Analyst by September 1, 2013. (Recommended additional language by the Fiscal Analyst).***

*Under Section 63J-1-603 of the Utah Code the Legislature intends that up to \$3,300,000 of the appropriations provided for the Operation and Policy line item for Reed Act funding in Item 13 of Chapter 14 and Item 92 of Chapter 416 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to "one-time projects associated with employment services." The Legislature further intends Reed Act funds appropriated for FY 2013 to the Department of Workforce Services be used for workforce development and labor exchange activities consistent with UCA 35A-4-501(3)(b). **The Legislature further intends DWS provide a detailed status and progress report on the use of Reed Act funds for one-time projects associated with employment services to the Office of the Legislative Fiscal Analyst by September 1, 2013. (Recommended additional language by the Fiscal Analyst).***

### **Analyst-recommended Changes**

#### **Savings from Issuing Plastic Eligibility Cards**

*The Fiscal Analyst recommends that the Legislature remove ongoing funding of (\$1,003,200) (\$501,600 General Fund) total funds to reflect a low range of savings for switching to plastic eligibility cards based on FY 2011 actual clients served. The recommended budget includes this recommendation. The auditors noted: "If Utah updated its process to provide recipients with a onetime card rather than a monthly paper card, the state could save card distribution costs." (page 33 of [http://le.utah.gov/audit/12\\_07rpt.pdf](http://le.utah.gov/audit/12_07rpt.pdf))*

#### **Authorize \$1,666,100 Dedicated Credits for inclusion in FY 2014.**

*In [UCA 63J-2-202\(2\)](#) regarding dedicated credit collections it states, "each agency that receives dedicated credits and fixed collections revenues greater than the amount appropriated to them by the Legislature in the annual appropriations act may expend the excess up to 25% of the amount appropriated." In requesting its FY 2014 budget, the Operations and Policy line item exceeded the FY 2013 appropriated amount of dedicated credits by \$1,666,100 and would need the Legislature's authorization for that increase in order to spend the additional dedicated credits in its Information Technology unit. *The Fiscal Analyst recommends the subcommittee authorize the additional \$1,666,100 in dedicated credits.**

### **ACCOUNTABILITY DETAIL**

For performance measures associated with the programs in this line item, see the *Compendium of Budget Information* found at: [http://le.utah.gov/lfa/reports/cobi2013/LI\\_NJB.htm](http://le.utah.gov/lfa/reports/cobi2013/LI_NJB.htm).

**BUDGET DETAIL**

The following table shows the budget history for the Operations and Policy line item 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.

Workforce Services - Operations and Policy						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	51,681,900	51,824,300	0	51,824,300	(501,600)	51,322,700
General Fund, One-time	(1,386,200)	28,000	0	28,000	(28,000)	0
Federal Funds	591,663,300	620,085,500	(6,295,400)	613,790,100	1,973,200	615,763,300
American Recovery and Reinvestment Act	9,983,300	6,187,900	(4,205,100)	1,982,800	(1,982,800)	0
Dedicated Credits Revenue	3,500,300	2,848,700	1,663,800	4,512,500	2,300	4,514,800
GFR - Special Administrative Expense	3,766,000	7,980,000	0	7,980,000	(7,980,000)	0
Unemployment Compensation Fund	6,567,000	7,713,100	0	7,713,100	(7,713,100)	0
Transfers - Human Services	0	0	15,000	15,000	0	15,000
Transfers - Medicaid	19,824,300	23,128,800	(2,978,800)	20,150,000	(132,500)	20,017,500
Transfers - Other Agencies	16,400	0	0	0	0	0
Beginning Nonlapsing	4,093,000	0	6,555,600	6,555,600	(6,555,600)	0
Closing Nonlapsing	(6,555,600)	0	0	0	0	0
Lapsing Balance	(268,100)	0	0	0	0	0
<b>Total</b>	<b>\$682,885,600</b>	<b>\$719,796,300</b>	<b>(\$5,244,900)</b>	<b>\$714,551,400</b>	<b>(\$22,918,100)</b>	<b>\$691,633,300</b>
<b>Programs</b>						
Facilities and Pass-Through	9,923,000	11,933,000	8,436,900	20,369,900	(11,440,000)	8,929,900
Workforce Development	63,431,600	88,908,500	(19,386,200)	69,522,300	(3,119,300)	66,403,000
Temporary Assistance to Needy Families	45,475,600	61,542,600	(16,542,600)	45,000,000	0	45,000,000
Refugee Assistance	6,822,600	5,942,600	57,400	6,000,000	0	6,000,000
Workforce Research and Analysis	2,895,200	2,699,700	(252,500)	2,447,200	0	2,447,200
Trade Adjustment Act Assistance	2,376,200	4,185,000	815,000	5,000,000	0	5,000,000
Eligibility Services	61,606,300	62,681,000	(3,607,100)	59,073,900	(1,003,200)	58,070,700
Child Care Assistance	43,542,100	43,731,400	2,768,600	46,500,000	0	46,500,000
Nutrition Assistance	410,226,900	393,679,500	16,320,500	410,000,000	0	410,000,000
Workforce Investment Act Assistance	7,570,500	12,591,200	(4,591,200)	8,000,000	0	8,000,000
Other Assistance	3,134,300	3,189,800	7,725,800	10,915,600	(3,455,600)	7,460,000
Information Technology	25,881,300	28,712,000	3,010,500	31,722,500	(3,900,000)	27,822,500
<b>Total</b>	<b>\$682,885,600</b>	<b>\$719,796,300</b>	<b>(\$5,244,900)</b>	<b>\$714,551,400</b>	<b>(\$22,918,100)</b>	<b>\$691,633,300</b>
<b>Categories of Expenditure</b>						
Personnel Services	102,449,100	115,865,100	(2,461,700)	113,403,400	(14,277,200)	99,126,200
In-state Travel	291,500	428,800	(55,300)	373,500	0	373,500
Out-of-state Travel	102,800	169,700	23,700	193,400	0	193,400
Current Expense	39,851,500	53,813,500	(17,479,300)	36,334,200	(3,285,300)	33,048,900
DP Current Expense	26,601,900	27,414,400	4,044,900	31,459,300	(3,900,000)	27,559,300
DP Capital Outlay	3,200,500	6,805,000	(1,433,000)	5,372,000	0	5,372,000
Capital Outlay	1,216,800	0	0	0	0	0
Other Charges/Pass Thru	509,171,500	515,299,800	12,115,800	527,415,600	(1,455,600)	525,960,000
<b>Total</b>	<b>\$682,885,600</b>	<b>\$719,796,300</b>	<b>(\$5,244,900)</b>	<b>\$714,551,400</b>	<b>(\$22,918,100)</b>	<b>\$691,633,300</b>
<b>Other Data</b>						
Budgeted FTE	0	1,616	(50)	1,567	(51)	1,515
Actual FTE	1,553	0	0	0	0	0
Vehicles	101	103	(2)	101	0	101

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

Table 1