



DEPARTMENT OF WORKFORCE SERVICES

COMMERCE AND WORKFORCE SERVICES APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

SUMMARY

Created in 1997, the Department of Workforce Services (DWS) integrates job placement, job training, welfare, child care, food stamps, unemployment insurance and labor market information. Utah’s integrated services and one-stop centers are national and international models. The state is divided into five service regions.

ISSUES AND RECOMMENDATIONS

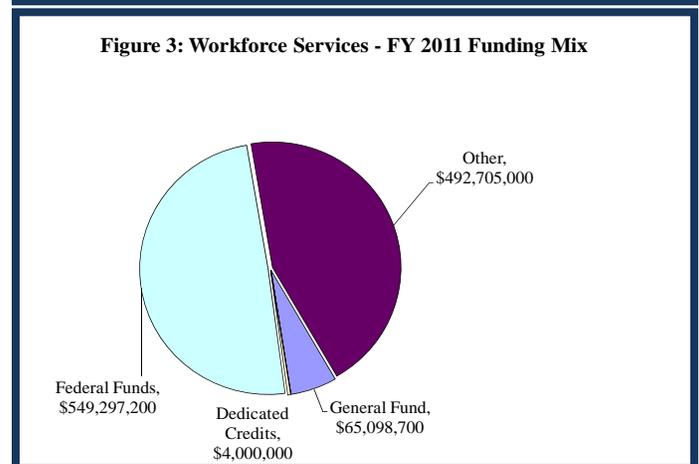
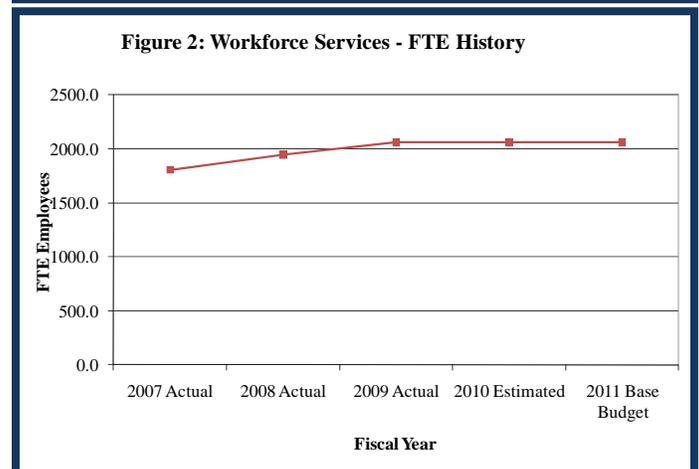
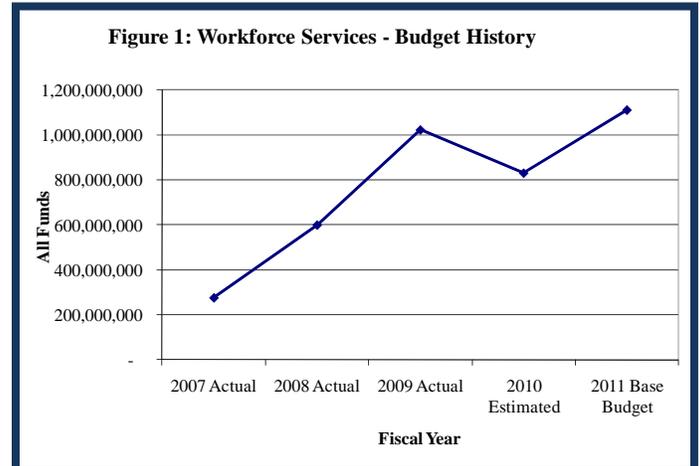
The Executive Appropriations Committee (EAC) has made base budget allocations to the various appropriations subcommittees. The budget detail reflects the allocation for the Department of Workforce Services but does not include funding for the recommendations presented in this brief or other budget priorities the subcommittee may wish to consider.

The co-chairs of the EAC recommend that the subcommittee complete the following tasks: review agency base budgets; reallocate revenue where possible within the base budget to meet new subcommittee budget priorities; and, develop a priority list, to be submitted to the EAC, of new budget priorities not completed through budgetary reallocations.

Issue Briefs

Several Issue Briefs provide the subcommittee with additional information on the FY 2011 Department of Workforce Services budget issues. Please refer to these Issue Briefs for additional information on the following topics:

- Federal Funds provides information on all federal funds received by agencies.
- Budget Break-Out provides the information as it relates to the 9 largest programs in DWS.



FY 2011 AGENCY BUDGET DISCUSSION AND REDUCTION RECOMMENDATIONS

During the 2009 Interim the Legislative Fiscal Analyst Office conducted an in-depth budget review of the Department of Workforce Services. This analysis concluded that in order for the Legislature to better maintain oversight of the Department Workforce Services it was recommended that the current single line item be broken into several line items. This would enable both the Legislature and the department to better understand expenditure patterns, funding requests, and maintain Legislative budgetary oversight. It is the recommendation of the Legislative Fiscal Analyst Office that the Legislature consider breaking the current DWS single line items into the following line items for FY 2011:

- Department of Workforce Services-Workforce Services-Family Employment Program
- Department of Workforce Services-Workforce Services-Child Care
- Department of Workforce Services-Workforce Services-Food Stamps
- Department of Workforce Services-Workforce Services-Employment and Training
- Department of Workforce Services-Workforce Services-Workforce Investment Act
- Department of Workforce Services-Workforce Services-Medical Programs
- Department of Workforce Services-Workforce Services-All Other Programs
- Department of Workforce Services-General Assistance
- Department of Workforce Services-Unemployment Insurance
- Department of Workforce Services-Workforce Information and Development Division

During FY 2011 it is anticipated that the Department of Workforce Services will continue to operate the majority of their programs through a single line item during the fiscal year. It is then the recommendation of the Legislative Fiscal Analyst that beginning in FY 2012 that the Legislature further breakout the department's budget. During this next fiscal year they will have adequate time to prepare budgeting and accounting systems to breakout the remaining operations from their single line item. During this time the department will be giving regular updates to the Commerce and Workforce Services Appropriations Subcommittee and the Executive Appropriations Committee how funds are being expended.

Reductions

The Analyst recommends that the committee consider taking a 5% equivalent reduction from the General Fund Restricted-Special Administrative Expense Account of \$3.3 million for FY 2011. This would enable the Department to maintain its current Maintenance of Efforts requirements for the TANF, Food Stamps, and Child Care Program. This would also allow the department to maintain current funding level for the General Assistance program.

Intent Language

The Legislature intends that, if the Department of Workforce Services continues to pursue proxies for Temporary Assistance for Needy Families (TANF) maintenance of effort requirements ("replacement MOE"), the Department shall also identify ongoing General Fund budget adjustments equivalent to replacement MOE amounts. The Department shall also develop a plan for implementing such adjustments in case replacement MOE declines or is disallowed by the Federal Government. The Legislature intends that any such adjustments would not require additional state appropriations.

The Legislature intends that, if the Department of Workforce Services continues to pursue proxies for Temporary Assistance for Needy Families (TANF) maintenance of effort requirements ("replacement MOE"), the Department shall in accordance with Utah Code 63J-1-104(6)(a) use any and all replacement MOE first, prior to expending free or restricted revenue."

The Legislature intends that, in accordance with 63J-1-206, the Department of Workforce Services shall report to the Office of the Legislative Fiscal Analyst any transfer of appropriations between or among the Department's Schedule of Programs prior to such transfers taking place.

Reed Act Funding

The department is requesting use of \$1,000,000 of Reed Acting funding from the Unemployment Insurance Trust fund to be used for workforce development and labor exchange activities. Currently there is only \$700,000 of these funds remaining from the original appropriation of \$62,621,978 from 2002. These funds were primarily intended for the Unemployment Insurance modernization, computer upgrades, or assisting with the overall health of state's Unemployment Insurance Trust Funds. It is recommended that the Legislature consider keeping these funds within the Unemployment Insurance Trust for future computer modernization activities the department may need instead of workforce development and labor exchange activities.

BUDGET DETAIL

The Department of Workforce Services receives the majority of its revenue from Federal Funds. The agency also receives a portion of its revenue from State Funds – General Fund and Other sources. The following table details the remaining revenue supporting the Department of Workforce Services, as well as, program expenditures and division budgets. The total budget for the Department of Workforce Services totals \$1.1 billion.

Workforce Services						
Sources of Finance	FY 2009	FY 2010		FY 2010		FY 2011*
	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	66,564,600	66,427,300	0	66,427,300	(1,328,600)	65,098,700
General Fund, One-time	(8,942,700)	3,200,000	0	3,200,000	(3,200,000)	0
Federal Funds	210,529,000	371,259,800	(178,925,000)	192,334,800	356,962,400	549,297,200
American Recovery and Reinvestm	0	92,079,400	100	92,079,500	(92,079,500)	0
Dedicated Credits Revenue	3,636,800	2,131,700	0	2,131,700	1,868,300	4,000,000
GFR - Special Administrative Expen	4,057,300	3,000,000	0	3,000,000	(3,000,000)	0
Trust and Agency Funds	217,695,000	0	178,925,000	178,925,000	(178,925,000)	0
Unemployment Compensation Trus	499,666,600	265,000,000	0	265,000,000	200,000,000	465,000,000
Transfers - Medicaid	0	11,800	(11,800)	0	27,675,000	27,675,000
Transfers - Within Agency	29,406,900	27,675,600	(3,200)	27,672,400	(27,642,400)	30,000
Beginning Nonlapsing	1,940,200	0	0	0	0	0
Closing Nonlapsing	(1,838,300)	0	0	0	0	0
Lapsing Balance	(6,000)	0	0	0	0	0
Total	\$1,022,709,400	\$830,785,600	(\$14,900)	\$830,770,700	\$280,330,200	\$1,111,100,900
Programs						
All Other Programs	8,580,300	9,752,000	0	9,752,000	(1,867,400)	7,884,600
Child Care	46,276,300	74,604,300	(15,000)	74,589,300	(12,547,200)	62,042,100
Employment Development	13,286,300	11,472,000	0	11,472,000	(1,164,000)	10,308,000
Family Employment Program	88,884,500	90,503,200	0	90,503,200	5,145,100	95,648,300
Food Stamps	261,500,000	268,215,500	4,000,600	272,216,100	97,733,500	369,949,600
General Assistance/SSI	9,858,200	6,096,800	0	6,096,800	(2,081,900)	4,014,900
Medical Programs	55,316,600	52,180,200	0	52,180,200	478,200	52,658,400
Unemployment Insurance	526,099,100	298,494,000	0	298,494,000	200,001,000	498,495,000
Workforce Investment Act	12,908,100	15,467,000	100	15,467,100	(5,367,100)	10,100,000
Workforce Services	0	4,000,600	(4,000,600)	0	0	0
Total	\$1,022,709,400	\$830,785,600	(\$14,900)	\$830,770,700	\$280,330,200	\$1,111,100,900
Categories of Expenditure						
Administration	43,430,300	47,000,000	1,621,000	48,621,000	(989,200)	47,631,800
Current Expense	158,163,200	113,609,600	57,953,800	171,563,400	9,560,100	181,123,500
Other Charges/Pass Thru	821,115,900	618,195,800	(7,609,500)	610,586,300	271,759,300	882,345,600
Transfers	0	51,980,200	(51,980,200)	0	0	0
Total	\$1,022,709,400	\$830,785,600	(\$14,900)	\$830,770,700	\$280,330,200	\$1,111,100,900
Other Data						
Budgeted FTE	2062.0	2062.0	0.0	2062.0	0.0	2062.0
Vehicles	121.0	121.0	0.0	121.0	0.0	121.0

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

Legislative Action

This section summarizes what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief. The Analyst recommends that the Legislature consider:

1. Adopt the base budget amount of \$1.1 billion the Department of Workforce Services detailed above.
2. Consider the budget issues raised in the Issue Briefs mentioned in this brief. The subcommittee may wish to include these items in its prioritized recommendations to Executive Appropriations Committee.