



***Department of Labor and  
Workforce Development  
Budget Hearing***

***December 3, 2014***



# Customer-Focused Government Goals

## Adult Education Goals

## Workforce Development Goals

## Unemployment Insurance Goals

### Key Operational Goals

Increase the number of high school equivalency diplomas issued in 2014 by 15% over program year 2013.

Increase the number of individuals placed in jobs.

Increase the quality of customer service to our customers by reducing unemployment claims pending decisions over 21 days.

### Strategic Initiatives

Increase the number of persons who successfully complete a High School Equivalency Exam (HiSET and the G.E.D.) so more Tennesseans have the opportunity to either further their education by entering post-secondary education or improve their employment status.

Through proactive “alignment and connectivity” place participants with the correct skill sets in the demand sectors brokering effective training that meets the needs of Tennessee’s business’ and industries.

Through providing customer friendly interfaces, upgrades in our technology and integration with available jobs, we will assist with work search efforts and increase reliable communications with the claimants and employers.



# Customer-Focused Government Goals

## Workers' Compensation Goals

### Key Operational Goals

- Improve the consistency, quality and timeliness of the adjudication of workers' compensation claims through the continued development of the administrative court system and continued improvements to the Benefit Review process.
- Hire a four additional Workers' Compensation Judges by May, 2015 utilizing an interview committee that is representative of the multiplicity of interests in Workers' Compensation. These judges will be trained by July 1, 2015 and will be mentored for a year by a judge who was appointed in 2014.
- Make all orders from the new court and appeals board available online through a repository at the University of Tennessee Law School by January 31, 2015.

### Strategic Initiatives

- Improve the consistency, quality, and timeliness of the adjudication of Workers' Compensation claims through the continued development of an administrative court system. Improvement will be measured by the yearly statistics reported by the Workers' Compensation Advisory Council.
- Improve both the quality of and timely access to medical care in Workers' Compensation claims through the development of a comprehensive set of medical treatment guidelines by December 31, 2015.



# TDOL&WD Successes

## Unemployment Insurance

- **Eliminated Backlogs from January 2014**
  - BPC - 40,869 to 4,688 as of Nov. 8, 2014
  - BCU - >20,000 to "0" June 2014
  - Claims >21 days, >25,000 to "0" Oct. '14
- **Improved Customer Service**
  - Claims paid <21 days, 93%, highest since 2008
  - Reduced phone calls 803,000 (Jan) to 153,200 (Oct) (includes self service)
- **Introduced "Modernization" into UI**
  - Eliminated paper and call center centric processes of existing system through technology. Implementing "new system" to be operational April 2016
  - All above accomplished with funds available and without spending a one time \$5M state appropriation.

## Workforce Development

- **Placement Rates – Most Recent**
  - 307,775 served, 216,737 entered employment via Jobs4TN and Tennessee Career Centers
  - Earnings of approximately \$4.5B increased tax base.
- **WIA Investment** program year \$45.8 million, 23,647 persons in various stages of engagement and training
- **Return on Investment**
  - Each dollar spent = \$7.85 returned in state, local and federal taxes
- **Customer Satisfaction**
  - Employer and exiter surveys ranked service satisfaction levels >85%



# TDOL&WD Successes

## Improved Customer Service

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- **Self Service “Ticket” System, March – November 2014**
  - 73,837 tickets created (would have been calls)
  - Reduced *first reply* time from 21 days to 2 days (14 business hours)
  - 87% satisfaction rate
- **Replaced Paper Documents with Scanning**
  - 3.5 million documents digitized within funds available
  - Claims paid <21 days, November, 93%, highest since 2008
  - Average days to pay, five (5) down from thirty-one (31)

## Workers’ Compensation

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- **Reform Act of 2013**
  - First Court of Workers' Compensation Claims and Board of Appeals came into existence July 1, 2014, on time with rules completed, judges appointed and trained.
  - Medical Advisory Committee: members appointed, 2 meetings held to date, and made recommendations on first medical treatment guideline, pain management
- **Ombudsman Program**
  - Became operational and effective by 7/1/2014, providing assistance to uninsured employees and employers.
- **Utilization Review Program**
  - Reduced the average time of appeals by 25%.



# TDOL&WD Challenges

## Agency

- **Educating Stakeholders About UI and WS Programs to Increase Participation**
  - Businesses
  - Unemployment benefit recipients
  - Other state stakeholders
- **Effectively Implementing State Legislative Mandates**
  - Reductions in funding over the last two years have made it difficult to maintain adequate operation levels for legislative and matching federal grant mandates.
- **Regulations and Compliance**
  - Conducting required regulatory inspections effectively and as scheduled in collaboration with other government agencies and training.



# TDOL&WD Challenges

## Workforce Development

- **Limited Access to WD Training**
  - Federal funding limits individuals that can be served.
  - State funding would facilitate more universal access through flexibility and innovation.
- **Strategic Alignment**
  - A misalignment between curriculums of education providers and the workforce needs of business and industry exists.
  - BLS and LMI wage and workforce data can guide the development of education strategies that provide “education to employment”.

## Adult Education

- **Increase Participation and Graduation**
  - Remove barriers
- **Cost Realignment**
  - Expense Reduction
  - Service Reductions and/or Program Closure
- **Equivalency Testing & Placement**
  - Meet Customer and employers needs through career pathways.
- **Information Technology**
  - Updating to an electronic imaging system to allow easy access to customer records



# TDOL&WD Challenges

## Unemployment Insurance

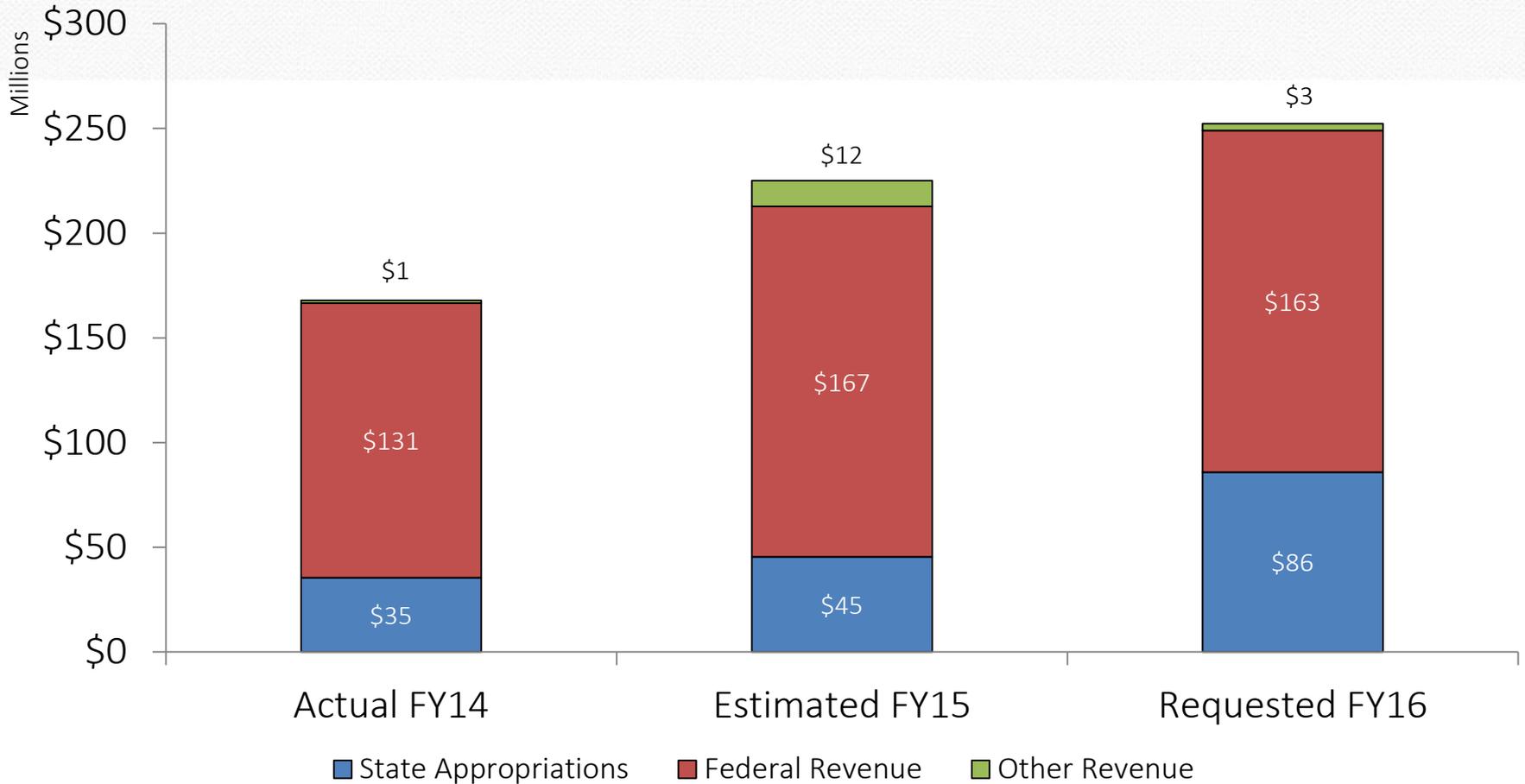
- **Unemployment Insurance Trust**
  - Maintaining operating processes and procedures that protect the trust fund from overpayments and maintain an adequate balance in recession periods.
  - Maintaining the ability to operate efficiently and effectively regardless of economic conditions affecting program activity, i.e. mass lay offs or recession.

## Workers' Compensation

- **Information Technology**
  - Danger of software system failure which would cripple the ability of the division to provide services to customers.
- **Staffing**
  - Respond to the demand for services within the constraints of the staffing budget, particularly judicial support and ombudsmen.
- **Education**
  - Provide information to employees, employers, doctors, attorneys, and other service providers so they understand the comprehensive changes in the law.



# Revenue Sources





# Proposed Reduction Plan

Priority	Category	Reduction Description	State Savings
1.	Program & Operations	Reduction of two vacant Labor Standards Division employees. Reduction will limit the number of inspection and delay response time for wage, child labor, and illegal alien complaints within the state.	\$85,900
2.	Program & Operations	Reduction of three vacant part time Mine Safety Rescue Workers.	\$11,400
3.	Program & Operations	Reduction of twelve vacant IT staff positions. Reduction would increase response time and add additional work load to remaining employees. Reduction will result in potential Federal funding loss of approximately \$539,000.	\$209,500
4.	Program & Operations	Reduction of grant matching funds for the food stamp program. Reduction will result in potential Federal funding loss of approximately \$10,000.	\$9,800
5.	Program & Operations	Transfer of administrative expense from general fund to Second Injury Fund.	\$678,100

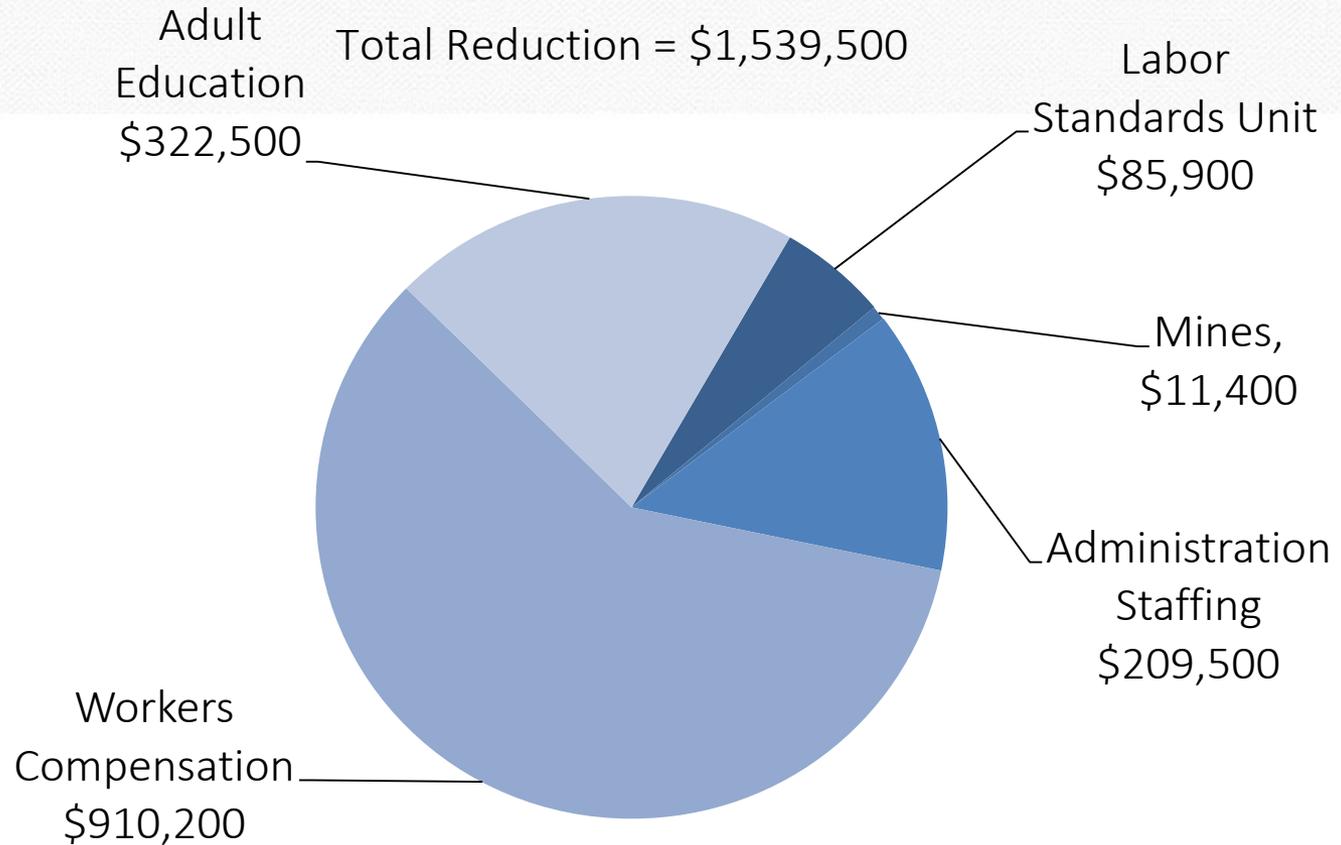


# Proposed Reduction Plan

Priority	Category	Reduction Description	State Savings
7.	Program & Operations	Reduction of contracted Adult Education Teachers. Reduction will result in potential Federal funding loss of approximately \$753,000.	\$322,500
6.	Program & Operations	Reduction of five positions (three filled and two vacant) from Workers' Compensation.	\$222,300
	Total Savings Plan		\$1,539,500



# Proposed State Dollar Reductions By Program





# Proposed Cost Increases

	Increase	Total	State	Federal	Other	Positions
1.	Workforce Development Clearing House – Better connect supply and demand by targeting human capital investment.	\$35,000,000	\$35,000,000	0	0	0
2.	Workers Compensation Information System (Non-Recurring)	\$5,500,000	\$5,500,000	0	0	0
3.	Boilers Unit Updated IT System (Non-Recurring)	\$850,000	\$850,000	0	0	0
4.	Military Spouse Program Increase-Providing Unemployment Benefits to spouses of military personnel forced to relocate. (Recurring)	\$75,000	\$75,000	0	0	0
5.	Food Stamp Program (Recurring)	\$720,000	\$360,000	\$360,000	0	0

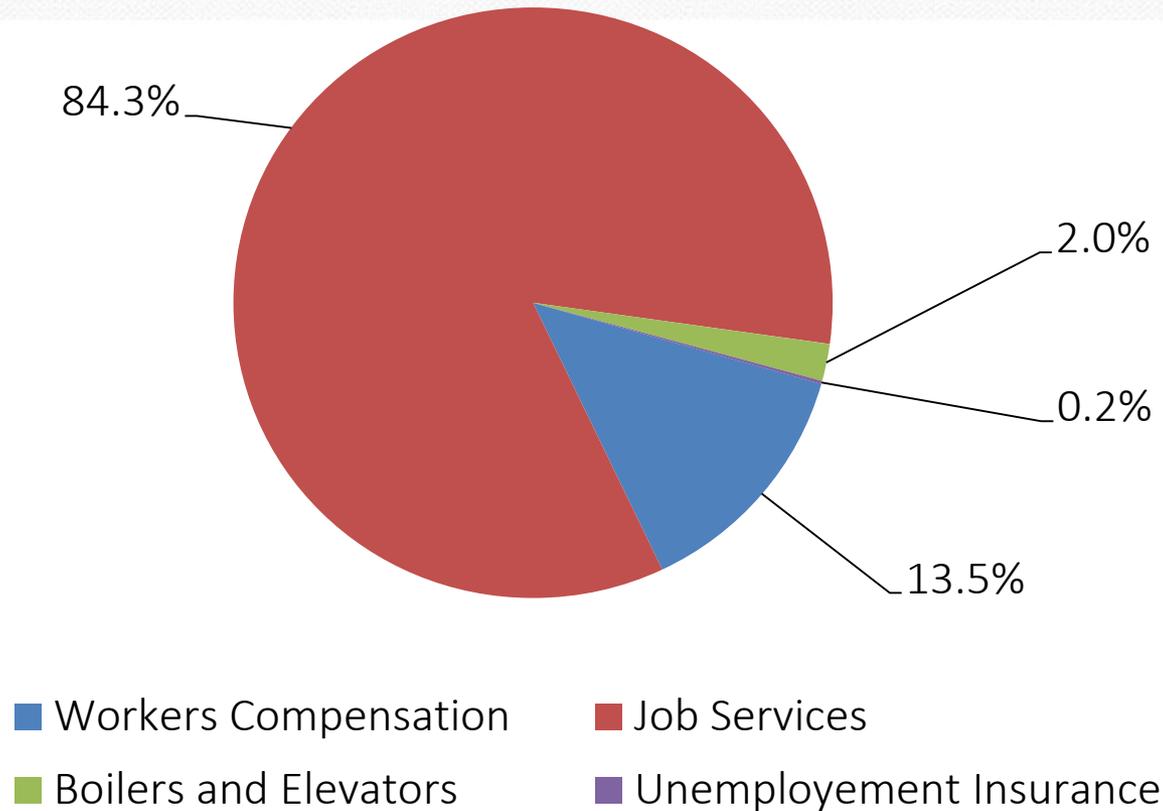


# Proposed Cost Increases

	Increase	Total	State	Federal	Other	Positions
6.	Misclassification Program – Restore FY 2014 Reduction. (Recurring)	\$26,000	\$26,000	0	0	0
7.	Workers Compensation – Participate in comparative research on state workers compensation systems. (Recurring)	\$150,000	\$150,000	0	0	0
8.	TOSHA – Self funded personnel increase of one Industrial Hygienist 3 position and an one Occupational Safety Specialist.	0	0	0	0	2
9.	Adult Education – Self funded personnel increase of two Education Consultant 2 Position.	0	0	0	0	2
	Total Increase	\$42,321,000	\$41,961,000	\$360,000	0	4



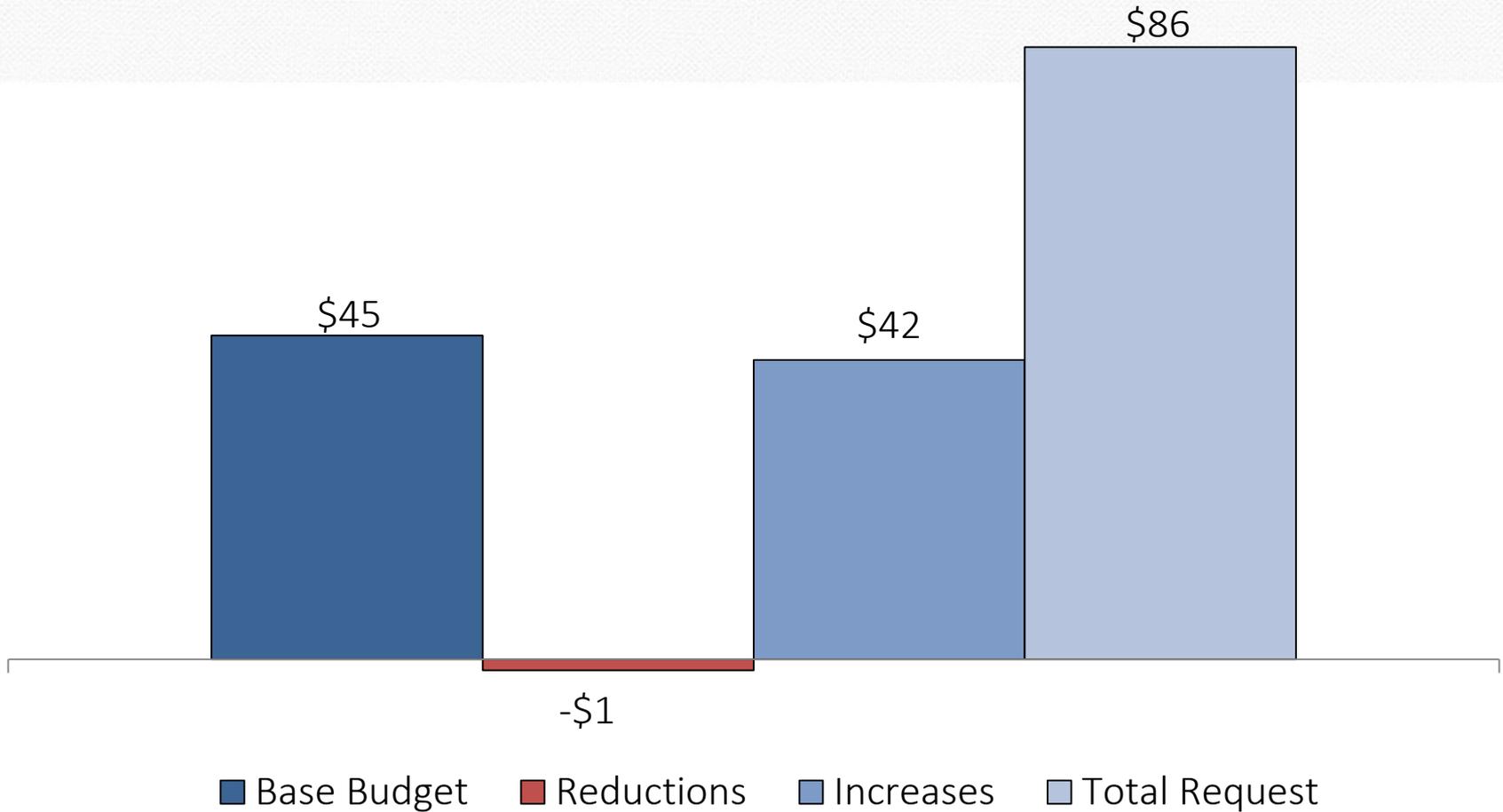
# Proposed Cost Increases As A Percentage of Total Increases Requested





# Request Summary

*State Appropriations (in millions)*

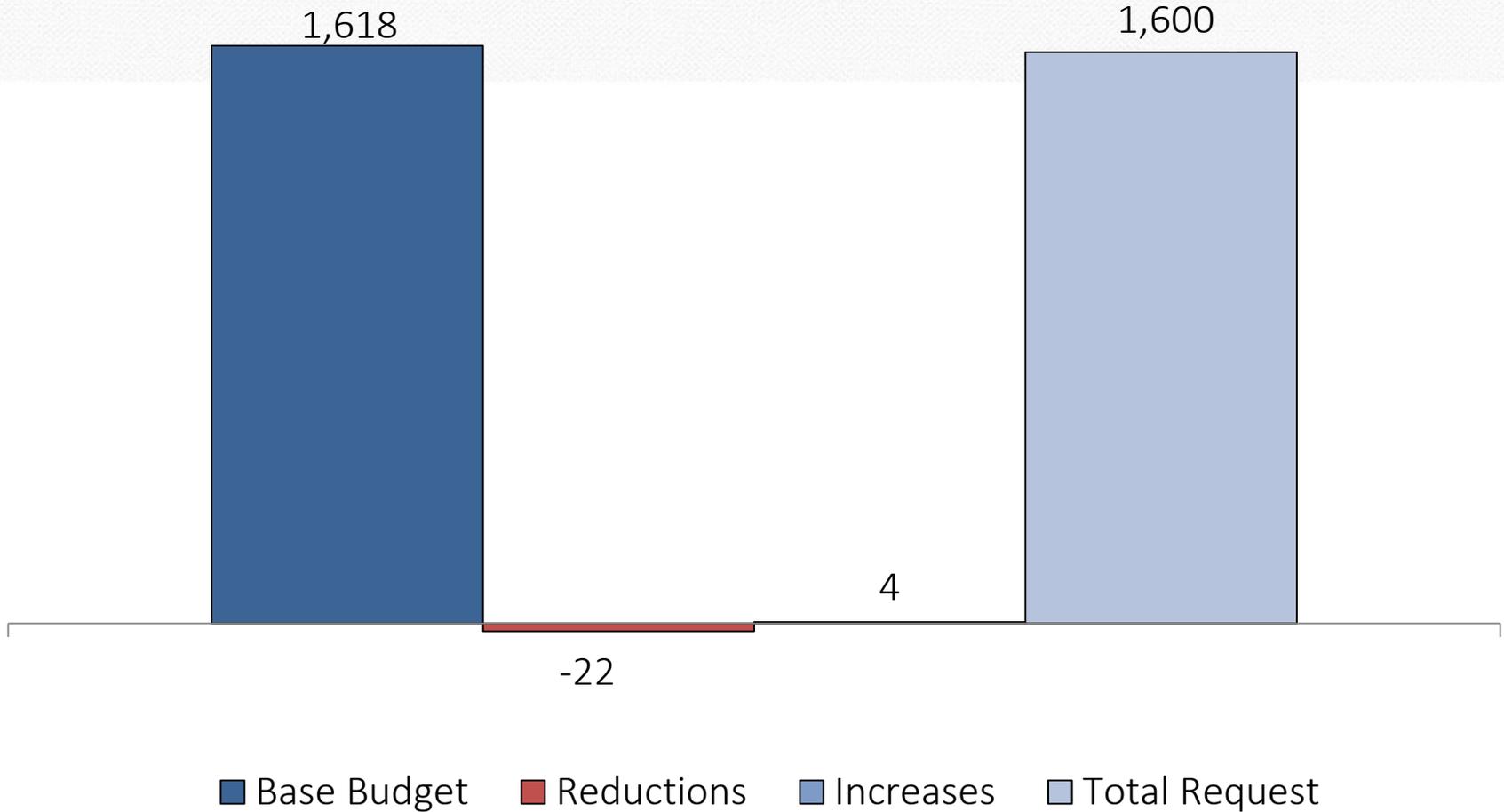




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# Request Summary

## *Authorized Positions*





# Authorized Positions

