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# LHHS Presentation



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**Ken Ortiz**  
**Cabinet Secretary**

**July 7, 2010**

# Budget Overview & Impacts

(including non-recurring funding)

Funding	2009	2010	2011	Change
General Fund	\$ 7,748,600	\$ 7,317,900	\$ 4,942,700	36% decrease
Federal Funds	38,155,100	35,095,900	40,713,000	6% increase

- NMDWS receives 85% of funding from federal sources.
- Total decrease in general funds has not seen a proportionate increase in federal funds therefore the following has been affected:
  - Staff reductions impacting timely federal reporting requirements;
  - Vacancies affecting collections of delinquent taxes;
  - Reductions in travel and training available to support and develop staff.

# NMDWS Budget Overview

## Program Support

Funding	2009	2010	2011	Change
General Fund	\$ 533,900	\$ 783,900	509,700	4% decrease
Federal Funds	17,251,000	15,245,100	18,507,300	6.7% increase*

\*increase shown due to relocation of State Administrative Entity (SAE) budget from Business Services and Workforce Transitions Services Divisions

- Lack of staff to support growing federal reporting requirements.
- Consolidation of vehicle fleet due to budget cuts mostly impacting field offices.

# NMDWS Budget Overview

## Workforce Transition Services

Funding	2009	2010	2011	Change
General Fund	\$ 2,248,100	\$ 2,103,600	1,756,000	22% decrease
Federal Funds	5,991,700	6,051,600	5,013,100	16% decrease

\*SAE budget removed.

- A total of 15 vacant positions in UI Tax and Claims.
- Vacant positions mainly in the Tax Section which affects the collection of delinquent taxes; ensuring the proper and legal reporting of employees' wages; and employer compliance under the UI Law of New Mexico.
- No funding for key positions directly relating to service delivery.

# NMDWS Budget Overview

## Information Technology

Funding	2009	2010	2011	change
General Fund	\$ 1,549,300	\$ 1,365,600	\$ 1,273,500	18% decrease
Federal Funds	2,944,200	3,208,700	3,176,600	7% increase

- Primary impact of IT budget cuts is the decrease in staffing resources to develop and support agency business information systems, resulting in 10 vacancies.
- Vacancy impacts timeliness in which staff can adequately respond to HelpStar tickets for all areas of department & make service/maintenance call for local offices.

# NMDWS Budget Overview

## Business Services

Funding	2009	2010	2011	Change
General Fund	\$ 258,700	\$ 195,500	\$ 3,200	99% decrease
Federal Funds	<u>887,900</u>	<u>1,038,600</u>	<u>1,038,600</u>	15% increase

\*SAE budget removed.

- Reduction in funding has resulted in 22% vacancy rate and eliminates the Division Director funding, impacting the oversight and leadership of Business Services.
- The Economic Research & Analysis Bureau has faced long-term vacancies and travel restrictions for staff training and program management.

# NMDWS Budget Overview

## Labor Relations Program

Funding	2009	2010	2011	Change
General Fund	\$ 1,665,100	\$ 1,400,300	\$ 1,400,300	16% decrease
Federal Revenue	250,000	250,000	250,000	No change- EEOC contract

- Elimination of three FTE positions, including Mediator position in Human Rights Bureau.
- Restricted travel for investigators. Investigators unable to travel to job sites when receiving a call or complaint. Regulations require investigation at a construction site within 2 days of receiving a claim; however, unable to make it to site within two days or depending on location, visit site at all.
- Unable to provide outreach materials on minimum wage, civil rights & other labor laws.

# ARRA - Funding Overview

- **Workforce Investment Act:** **\$10,828,121**  
**(\$9,049,6678)\***
- **Reemployment (Wagner-Peyser)** **\$3,289,073**
- **Unemployment Insurance Administration:** **\$ 2,787,327**
- **Unemployment Insurance Modernization Act:** **\$ 39,022,582**
- **Competitive Green Job Grants:** **\$ 7,599,989**

\*Distributed to four local Workforce Boards.

# ARRA - Workforce Investment Act

**For job search, development & referral, assessment, training, and supportive needs.**

**Workforce Investment Act Youth Program: \$ 5,573,550**

83% Total Expended  
1,709 youth participated statewide  
Program conducted Summer 2009  
Expires June 30, 2011

**Workforce Investment Act Adult Program \$2,383,764**

76% Total Expended  
955 Participants  
Expires June 30, 2011

**Workforce Investment Act Dislocated Program: \$ 2,870,807**

47% Total Expended  
366 Participants  
Expires June 30, 2011



# ARRA – Reemployment (Wagner-Peyser)

**Reemployment (Wagner-Peyser)**

**\$ 3,289,073**

**65% Expended**

▪ **Significant Projects**

- Hiring staff to assist job-seekers: Employment, Recruitment, & Placements Specialists, Disability Navigator, Economist (39 for field operations, 1 FTE and 3 partial FTEs for program implementation and oversight)
  - Prove-It and Workkeys Assessments
  - Workshop materials for job-seekers
  - Computers for new staff and resource rooms at Workforce Connection Centers (WCCs)
  - UI claims system/Virtual One-Stop System Interface and new claimant orientation
  - Audio Visual equipment for resource rooms at WCCs
  - Assistive technology to assist disabled job-seekers
  - Associated administrative costs (including mailing)
- All funds must be obligated no later than September 30, 2010 and expended by June 30, 2011. Salaries must be expended by September 30, 2010.
- Remaining funds for online skills assessment tools, UI/VOSS interface and maintenance, and the following for Workforce Connection Centers:
- workshop materials,
  - computers for resource rooms and new staff,
  - ADA software and pc accessories, multimedia equipment
  - travel/supplies/fees and mailing costs.
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# ARRA - Unemployment Insurance Administration

**Unemployment Insurance Administration Funding**

**\$ 2,787,327**

**32% Expended**

▪ **Significant Projects:**

- Hiring staff: Employment, Recruitment & Placement Specialists (including salary costs between 9/30/10-12/31/10), Reemployment Manager, Lawyer, Administrative Law Judges, Adjudicators, Call Center Clerks, Appeals Clerk, Call Center Representatives, and a portion of the salaries of ARRA administrative staff (ARRA Program Manager, Financial Coordinator, & Budget & Reporting Coordinator) and the CIO
- Public outreach campaign
- Staff training and related travel and training materials
- Project management training for staff
- Office space lease and future and fixtures for expansion due to new hires
- Administrative costs associated with new staff (i.e.—indirect costs, ARRA staff portion of Resource Sharing Agreements, supplies, etc.)

- No federal or state expenditure deadline

# ARRA - UI Modernization Act

**Unemployment Insurance Modernization Act**                      **\$ 39,022,582**

**One-Third Plan: \$13M**

**94% Expended**

## **Phase I – Legislatively Appropriated 2009**

- \$3.5M for enhancements to the unemployment insurance claims and interactive voice response systems

93% Expended & Encumbered

- \$2.5M for facilities upgrades, including improvements necessary to attain compliance with the Americans with Disabilities Act

## **Phase II – Legislatively Appropriated 2010**

- \$7M for the UI program for improvements and administrative costs

# ARRA - UI Modernization Act

## Unemployment Insurance Modernization Act

**\$ 39,022,582**

### Two-Thirds Plan: \$26M

Enhancements to the unemployment insurance program and to fund phased implementation of the UI tax system

- UI Tax System Modernization Project: replace the legacy UI tax system with a web/server based system which will meet federal performance and reporting requirements
- UI Claims Integration: integrate the existing UI Claims system with the new UI Tax system
- Toll Free 800 Service (2 years): provide toll-free phone services for constituents dialing NMDWS
- Implement Voice Over Internet (VOIP): implement VOIP protocol to NMDWS offices statewide
- \$1M legislative appropriation to the Workforce Transitions Services Program for operational and administrative expenses relating to UI activities

# ARRA - Green Jobs Grants

## State Energy Sector Partnership & Training Grant

**\$5,999,989**

- Will establish a statewide, systemic approach to worker training in energy efficiency and renewable energy occupations that is responsive to employer and worker needs, adjustable and responsive to economic developments, and flexible and efficient in delivering just-in-time training to reduce unemployment.
- Industries of focus: Solar, Wind, Energy Efficient Building, Construction & Retrofit, and Biofuels.
- 3-year grant through January 2013.

## State Labor Market Information Improvement Grant

**\$1,250,000**

- Includes statewide employer baseline and follow-up surveys, and education inventory to gain a better picture of green-related workforce needs. Green Recovery Workstations will include software that will enable job seekers to create and access inventories of current skills and match those skills to green occupations where their skills are transferable.
- 18-month grant through May 31, 2011.

## On-the-Job Training National Emergency Grant

**\$354,902**

- Focusing on dislocated workers with prolonged unemployment and the greatest barriers to reemployment. OTJ helps employers accelerate the creation of new job opportunities.
- 24-month grant through June 30, 2012.