



Presentation to the Legislative Finance Committee

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Cabinet Secretary*

October 29, 2014

Department Performance & Program Updates

Unemployment Insurance Program Performance Measures

- NMDWS reduced UI fraud by as much as \$10 million, or 60%, (from 5.22% in 2012 to 2.11% in 2013)
- New Mexico significantly dropped from ranking 4th highest in the nation for improper payments in 2011, down to 26th highest in 2013.
- Improper payments were currently less than 8% for 2013.
- New Mexico's UI program was ranked number one in the United States by the U.S. Department of Labor (USDOL) for quality of claims determinations (quarter ending September 2013), and continues to be ranked in the top ten.
- Currently, New Mexico is ranked in the **top ten** of all states in the country for timeliness of benefit payments and quality of determinations.
 - 14-day benefit payment timeliness is **92.5%**
 - 21-day benefit payment timeliness is **94.3%**

Department Performance & Program Updates

Unemployment Insurance Tax & Claims System National Awards

- NMDWS was recently honored with the **National Association of State Chief Information Officers (NASCIO) 2014 Recognition Award, “Digital Government: Government to Citizen.”**
 - Over 100 projects were nominated, 33 projects were finalists, and 11 projects were ultimately recipients of the awards.
- This month, NMDWS received a second award for the UI Tax & Claims System from the Center for Digital Government and received the **2014 Digital Government Achievement Award, “Government-to-Citizen.”**

Department Performance & Program Updates

Unemployment Insurance Trust Fund

- UI trust fund balance was \$71.4M as of October 21, 2014.
- NMDWS has received the majority of contributions for 2014 (largest quarters are 1st and 2nd) and is in the process of receiving 3rd quarter contributions.

Unemployment Insurance Benefits

- Approximately 15,000 individuals are certifying for Unemployment Insurance (UI) benefits every week.
- In New Mexico, claimants can be eligible for a maximum of **26 weeks** of benefits. These state UI benefits are paid 100% from the UI trust fund.

Department Performance & Program Updates

Tax Rate Reform

- NMDWS will implement the new UI tax rate features in the Unemployment Insurance Tax & Claims System as outlined in the 2013 legislation. The legislation replaces the reserve ratio system with benefit ratio system effective January 1, 2015. A new method also assigns contribution rates for new employers based on an industry average.

UI Appeals Tribunal

- The Appeals Tribunal processes are manually intensive; utilizing paper forms with several “hand-offs.” The intent of this project is to streamline and automate Appeals Tribunal processes by first reviewing document scanning and Unemployment Insurance Tax & Claims System capabilities, then based on “current state” process, produce a gap analysis for key stakeholder and executive staff review. Stakeholders and executive staff will then review options and determine which solutions will be implemented.

Department Performance & Program Updates

WorkKeys

- *WorkKeys* is a job skills assessment system that helps employers select, hire, train, develop, and retain a high-performance workforce. This series of tests measures foundational and soft skills and offers specialized assessments to target institutional needs.
- Over 25,000 assessments were completed statewide in FY 2014.
- Over 500 of jobs posted in the New Mexico Workforce Connection online system (www.jobs.state.nm.us) require at least one WorkKeys assessments, and nearly 300 employers are posting job advertisements that require at least one WorkKeys assessment.

Labor Relations

- \$353,460 collected in 2014 from wage claim investigations.
- 1,618 number of public works inspections completed in FY 14.

Results of FY 15 Appropriation

Increased General Fund in FY 15 Budget

- Created Project Management Office (PMO) as requested.
 - Staffed with three FTEs
 - Eliminated contractual services for project management
- Worked collaboratively with DoIT to bring down the costs of the 1-877-664-6984 with consistent level in FY 15 budget.

Proposed Department Reorganization

Proposed Department Reorganization

- The primary purpose of reorganization will be to better align programs, FTEs, and ultimately department performance.
- The major components of the reorganization will be as follows:
 - The Workforce Transitions Division (P775) will be divided into two distinct divisions of Unemployment Insurance and Employment Services.
 - The proposed Unemployment Insurance Division will be designated as P775. The proposed structure returns the department to the organizational state it was in before it was renamed from the Department of Labor to the Department of Workforce Solutions. Currently, Unemployment Insurance is the largest unit in the agency, has the highest profile from the public's view, and is most in need of a high level of accountability and performance improvement.

Proposed Department Reorganization

Proposed Department Reorganization

- With the separation of Unemployment Insurance and Employment Services into their own respective divisions, management will be better able to evaluate the performance of the programs and budgetary needs.
- The proposed Employment Services Division will assume the functions of the Business Services Division, and with the proposed reorganization, will be designated as P778.
- Upon approval of the proposed reorganization, all programs, funding sources, and FTEs will be aligned to mirror the organizational structure in statute.

Proposed Department Reorganization

Proposed Department Reorganization

- The five divisions under the reorganization would become:



FY 16 Appropriation Request Summary

General Fund Request

- A requested increase of General Fund totaling \$3,317.5 as a result of a reduction in federal funds and to incorporate supported expansion programs.
- The increase will support Unemployment Insurance administration and staffing patterns required to maintain current timeliness and customer service levels.
- If not replaced with General Fund, then this will result in the degradation of effective and efficient delivery of Unemployment Insurance services and response time affecting 15,000 New Mexicans and 45,000 employers.

FY 16 Appropriation Request Summary

Labor Relations

- Labor Relations Division's General Fund request has increased by \$978.1 to cover what has been historically funded by Workers Compensation.

Apprenticeship

- Return the apprenticeship program to the FY09 funding level.
- Goal is to return the number of apprentices to the FY09 level of over 1,400, up from 680.
- This funding is given to providers of the training as a reimbursement. The reimbursement has been between \$1.00 and \$1.60 per hour. This appropriation is intended to bring it up to over \$2.50 per hour. This is still only a fraction of the real cost.

FY 16 Appropriation Request Summary

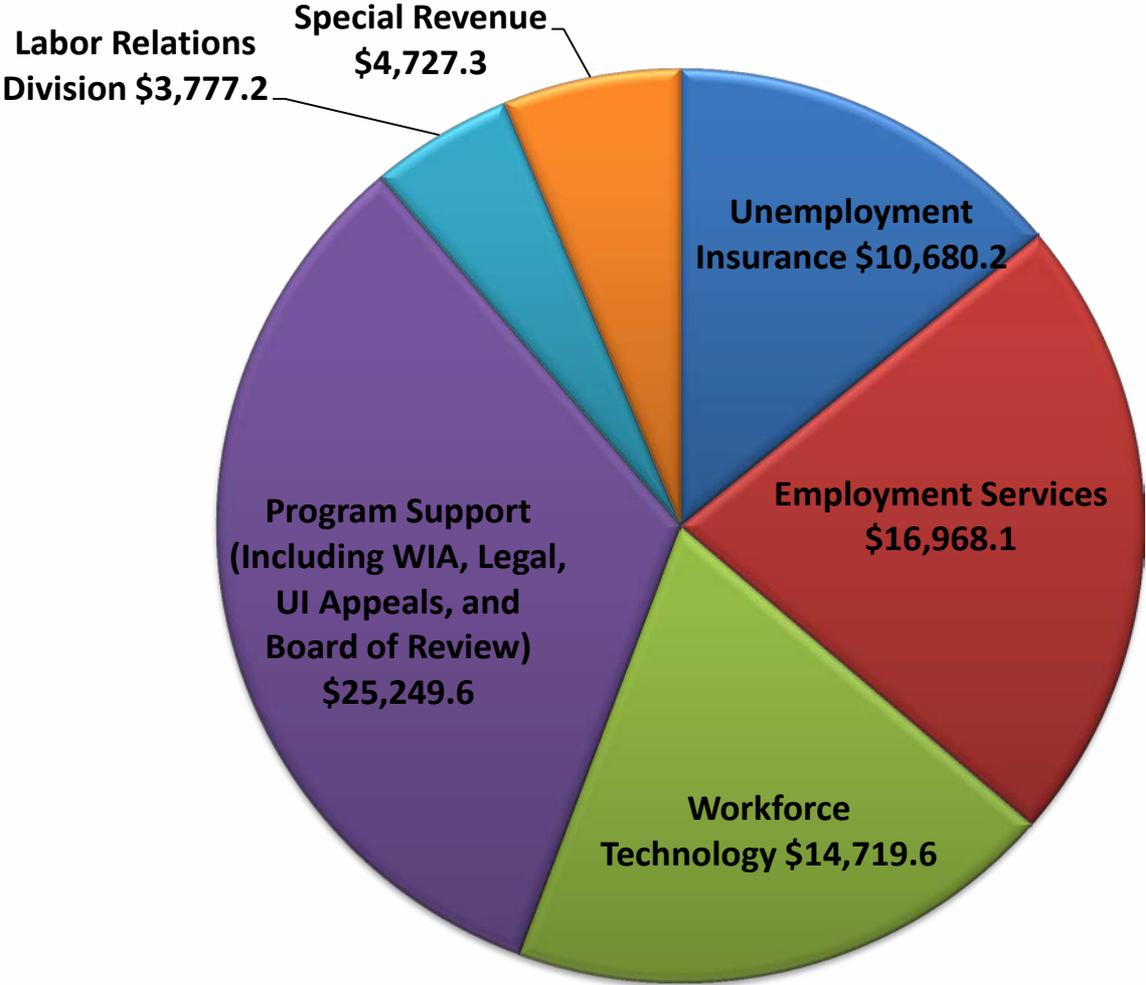
Labor Market Information-Economic Research & Analysis Bureau

- \$150K will make it possible for the department to provide more locally centered information relevant to local employers and residents.
- This type of information has been lacking due to federal funding restrictions. The types of reports will include more comprehensive job vacancy surveys as well as skills gap analysis.

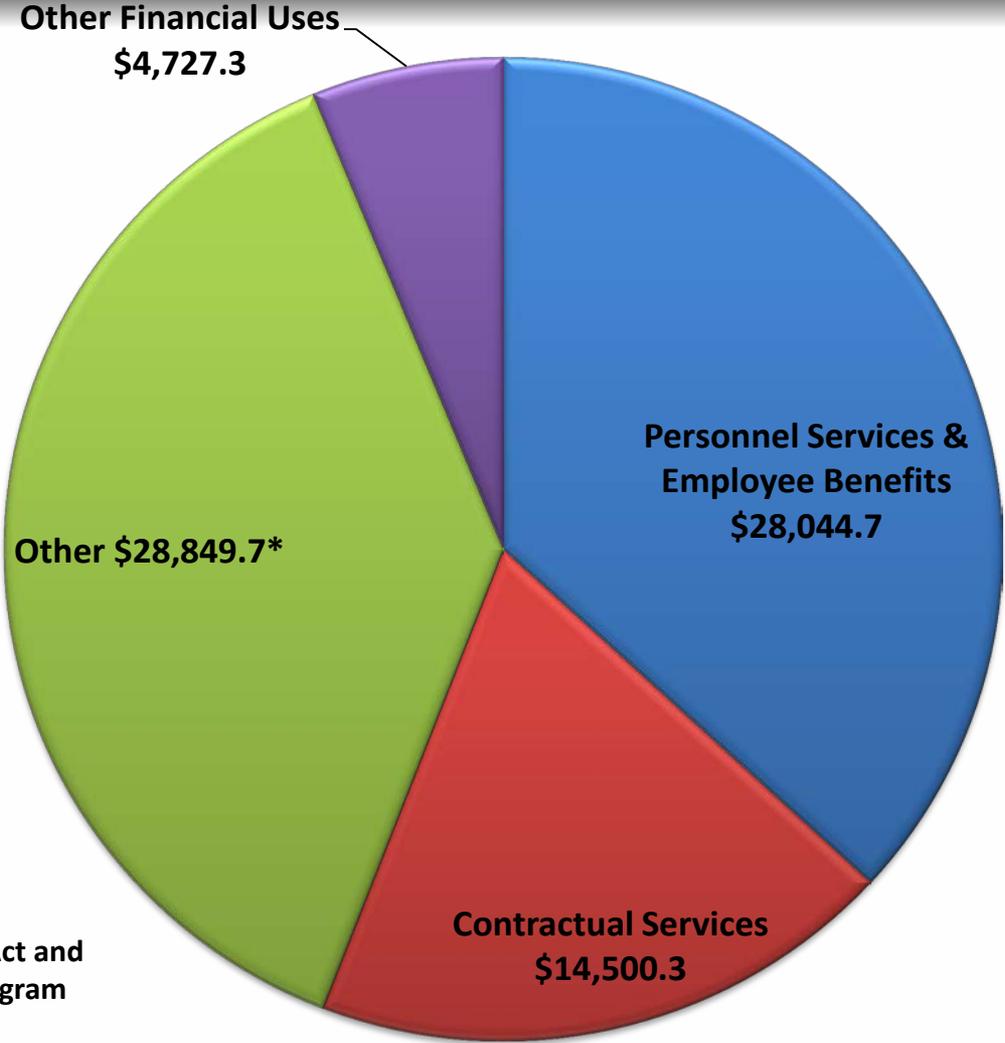
FY 15 Expansion Items Included in FY 16 Request

- \$35K for Workforce Readiness (WorkKeys)
- \$100K for Individual Development Accounts (IDAs), which are flow-through funds to providers and does not include an administrative funding.

FY 16 Appropriation-Uses by Programs

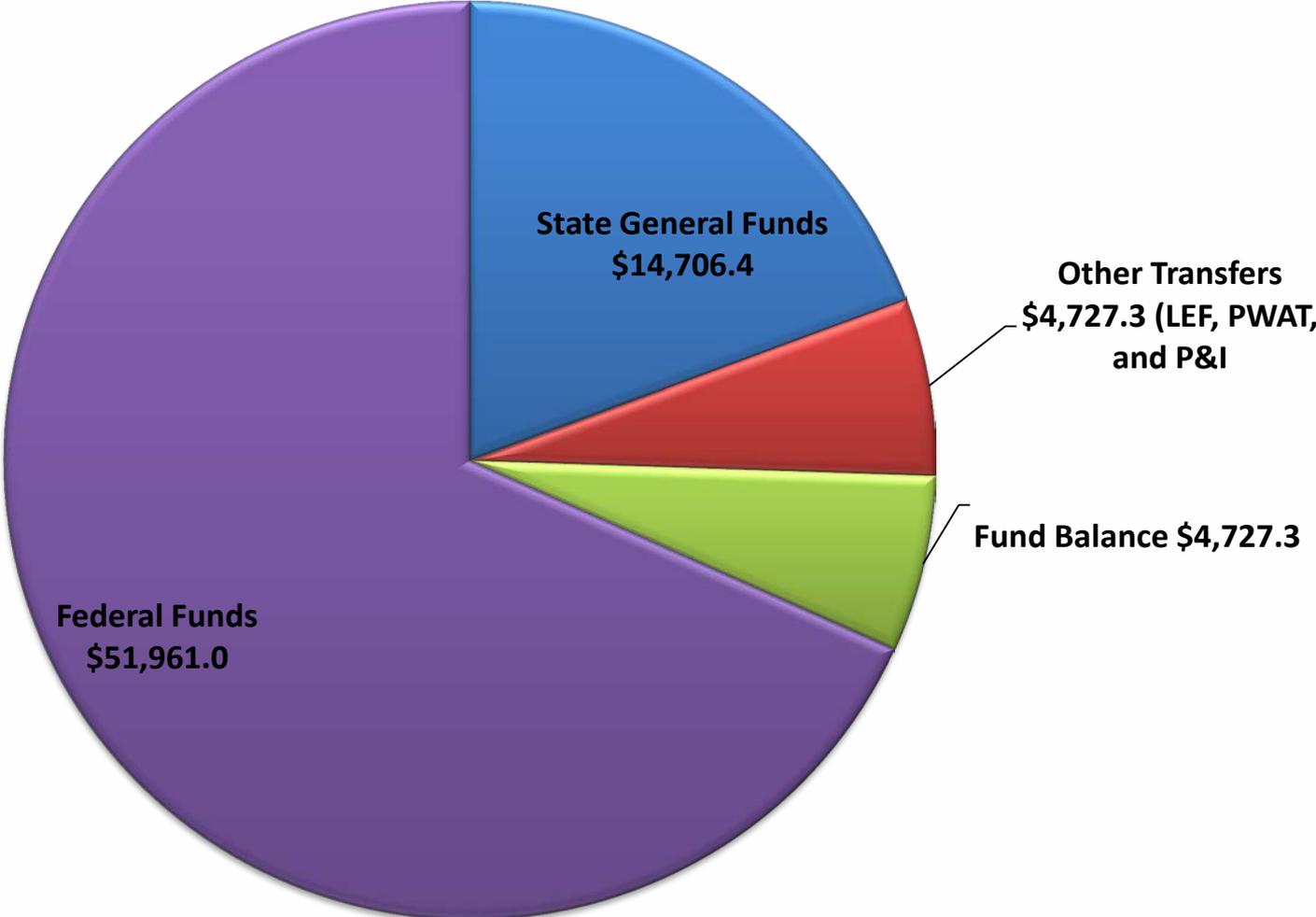


FY 16 Appropriation-Expenditures \$76,122.0



*Workforce Investment Act and the State AmeriCorps Program Flow-Through Funds

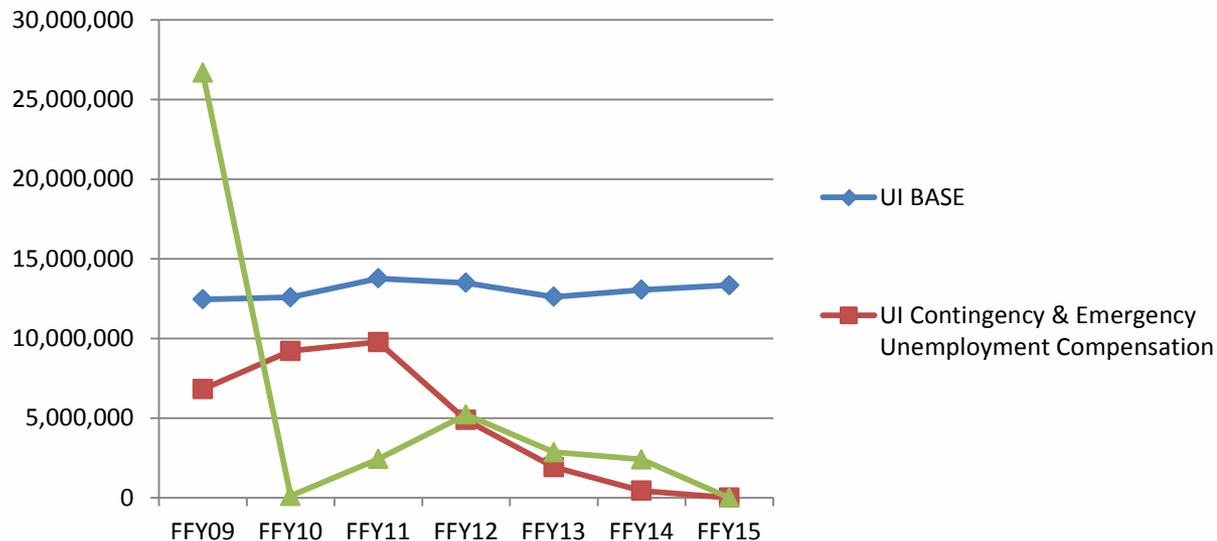
FY 16 Appropriation-Revenue \$76,122.0



Unemployment Insurance-Federal Funding Trend

Federal Fiscal Year	UI BASE	UI Contingency & Emergency Unemployment Compensation	UI Supplemental Budget Request & ARRA UI Modernization	Total	Change From FY13	Change From FY14
FFY09	12,453,447	6,807,840	26,681,594	45,942,881		
FFY10	12,578,858	9,212,812	102,300	21,893,970		
FFY11	13,766,107	9,766,092	2,426,412	25,958,611		
FFY12	13,488,214	4,878,089	5,217,504	23,583,807		
FFY13	12,607,334	1,916,907	2,858,699	17,382,940		
FFY14	13,052,592	439,946	2,395,864	15,888,402		
FFY15	13,337,056	0	0	13,337,056	-4,045,884	-2,551,346

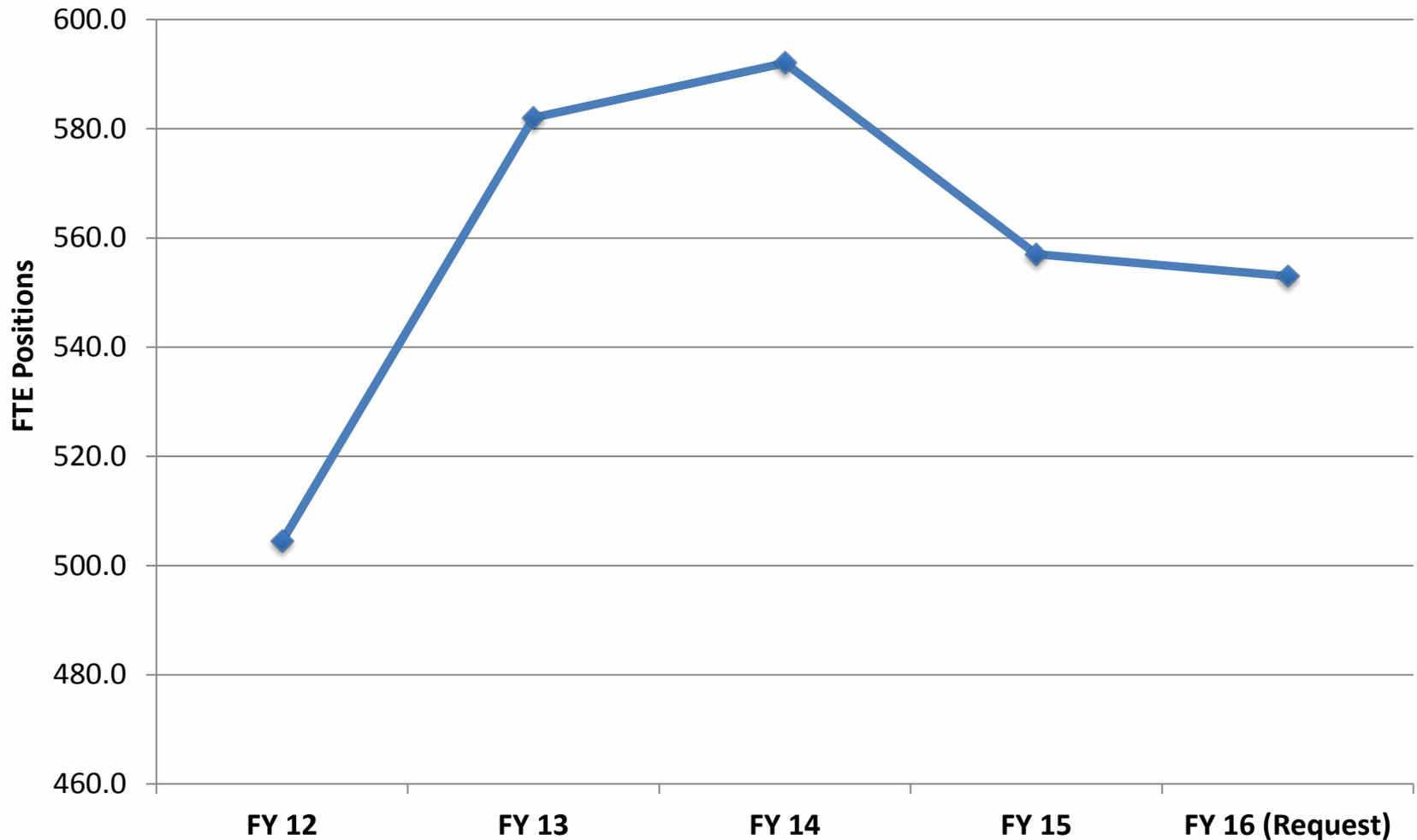
UI Funding Trend



Reduction in Federal Funding

- Due to reductions in UI Contingency funding and the end of the Emergency Unemployment Compensation program, the agency will be using \$1,950.0 of the Employment Security Department Fund's fund balance or Penalty and Interest(P&I) as a revenue source.
- Historically this has only been utilized as a placeholder until the federal award notices are received.

Decline of FTE Authorized Positions FY 12-FY 16 Request (Perm & Term)



FY 14 BAR Activity

FY14 Impact	P Code	Amount	Brief Description
Increase	R1DOL00002**	234,473.00	Increase ARRA Carry-in for UIMA balance to be expended by 9/30/13
Decrease	R1DOL00002**	216,316.00	Decrease Approp to allow carry-in for FY14
Decrease	R1DOL00002**	18,218.00	Decrease Approp to allow carry-in for FY14
Increase	P776 Labor Relations	170,000.00	Increase Approp to allow for 3rd and final disbursement from PWAT for special payouts for fund 32900, acct 400
Increase	P777 Workforce Technology	228,290.00	Increase Approp UI EUC SBR
Increase	P777 Workforce Technology	602,309.00	Increase revenue for 2011 UI Automation
Increase	P777 Workforce Technology	2,630,339.00	Increase revenue for 2013 UI
Increase	P777 Workforce Technology	1,446,451.00	Increase apro p 2013 UI 2013
Increase	P777 Workforce Technology	557,299.00	Increase Approp p 2012 UI 2012

****ARRA Funds were in R1DOL00002. This code was created to handle these funds in FY14. The initial increase equals the two decreases, as the funds were spent.**

Contact Information

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