



**Tennessee Department of Labor
& Workforce Development**
2006-2007 Annual Report



A letter from Commissioner James Neeley

Our mission at the Tennessee Department of Labor and Workforce Development is to continually work as a team to promote workforce development and improve workplace safety and health throughout Tennessee. I truly believe our 2,000 employees across the state strive to achieve that mission each and every day. In this annual report you will see that dedication within our six divisions, each committed to serving the citizens of Tennessee.

Over the past year we have accomplished many things, with one of the most important being our strategic planning to meet the needs for future Tennesseans. Our department is committed to exceeding the needs of our customers and promoting economic development. One of the ways we plan to do this is with performance measures modeled after the Baldrige Initiative. Many successful global companies utilize the Baldrige measures, and we know it will help us to operate more efficiently and effectively.

As you read through this report you will see how we are putting our vision, mission and values to work. The teamwork of this department's employees has proven invaluable throughout this year and I envision for many years to come.

Sincerely,

A handwritten signature in black ink that reads "James G. Neeley". The signature is written in a cursive, flowing style.

James G. Neeley

Tennessee Department of Labor and Workforce Development 2006-2007 Major Accomplishments

Adult Education - The number of GED diplomas earned was 10,670. The General Assembly allocated funds to pay for GED testing fees for those who qualify with a minimum score on the Official Practice test, which will increase the number of GED diplomas earned next year by at least 30%. A Fast Track curriculum has been designed and deployed that shortens the length of GED preparation time to 12-15 hours for those students who test in at the two highest levels. Adult Education has also partnered with the Communications Office and the Marketing team to publicize the free test to the general public and to business and industry.

Workforce Development - In support of Governor Bredesen's FastTrack Initiative to grow Tennessee's new and existing industry, the Department of Labor and Workforce Development has provided more than \$1.9 million for On-The-Job Training to more than 4,000 new employees. Incumbent Worker Training Grants totaled \$2.7 million benefiting more than 9,742 Tennessee workers.

Employment Security – Tennessee ranked 3rd in the nation in terms of Work Opportunity Tax Credits issued to employers during Federal Fiscal Year 2006. TDLWD Appeals Tribunal was commended by the Regional Office in Atlanta for performance of the proposed average age of appeals that will be effective in 2008. At 14 days for the Appeals Tribunal and 17 days for the Board of Review, only nine states in the nation have an average age less than TN. Tennessee's performance is considerably less than the national average of 42 and 43.4 days respectively. Since lower authority appeals are a Secretary's Standard in addition to being UI Core measures, it's even more important for states to meet these measures.

TOSHA - TOSHA co-sponsored the 30th annual Tennessee Safety and Health Congress at the Opryland Hotel and Convention Center during July 2007. The three day event was attended by approximately 2,000 delegates and exhibitors. The Congress is considered to be one of the premier safety and health events in the nation.

Workers' Compensation - Workers' Compensation continues to implement the changes brought about by the Reform Act of 2004. The division passed administrative rules governing the Medical Impairment Registry, Medical Fee Schedule, Benefit Review process and physician deposition fees. Effective 7/1/06, the maximum weekly compensation rate rose to its highest level ever at \$682.

Marketing - Employer Services Specialists (ESSs) are responsible for marketing the department's services to employers and establishing quarterly Workforce Employer Outreach Committees (WEOCs) across the state. More than 300 WEOC forums are being held annually, and the ESSs presented department programs to more than 4,500 individual Tennessee employers this year.

Department Strategic Plan 2006-2010
Ask/Listen/Act

The department's four-year strategic plan continues to be the roadmap for change in Labor and Workforce Development. In an employee opinion survey completed in June we **asked** our employees what they thought was important to the success of our department. Forty-eight percent of our team responded, and we **listened**. The results have led to the formation of five focus groups to drive departmentwide improvement in the areas of career growth, employee recognition, supervisory training, workforce sustainability, and communication. We are now **acting** on employee input, and their direct involvement in the areas of team building and problem solving is a priority in this department. In turning our values statement into action, we are improving both the effectiveness of our employees and the customer service we exhibit to our customers, the people of Tennessee.

<p>Vision To be the nation's leading provider of comprehensive workforce development and workplace safety and health services.</p>	<p>Mission To work as a team to promote workforce / economic development and improve workplace safety / health throughout Tennessee.</p>	<p>Values We are a professional customer-focused team committed to serving the citizens of Tennessee. We strive to deliver effective and efficient programs while treating our customers and employees fairly, consistently and with respect.</p>
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Adult Education

Increasing Employment and Earnings for Adult Workers Adult Education Report 2006-2007

The Division of Adult Education (DAE) provides adults with basic skills upgrades, basic computer skills, GED preparation, and English for Speakers of Other Languages (ESOL). Classes are offered in all 95 counties and at worksites as requested by business and industry.

The number of GED diplomas earned last year was 10,670. Student satisfaction data show a 98.6% rate of overall satisfaction of Adult Education (AE) services. Adult Education students had a 98.6% satisfaction rate, ESOL students a 98.8% satisfaction rate and basic computer skills students a 98.5% satisfaction rate.

Adult Education uses the Baldrige Criteria for Performance Excellence as its continuous improvement tool in order to ensure that services are of the highest quality. The DAE partners with the Tennessee Center for Performance Excellence by participating in its award program and by providing staff to serve as examiners. The DAE's goal is to have every local AE program recognized at Commitment Level by 2010. The DAE itself achieved Commitment Level in 2005.

A partnership between Adult Education and the Governor's Books from Birth Foundation was established in February 2006. Adult Education students, many of whom don't know about the foundation nor can afford books for their children/grandchildren, now have access to the information through their GED classes. AE instructors inform their students about the program's benefits and walk them through the paperwork necessary for enrollment. During the first quarter of the partnership, AE programs enrolled 3,255 children into the program.

Employment Security
Insuring Economic Stability
Employment Security Report 2006-2007

The Division of Employment Security administers Tennessee's Unemployment Insurance and Job Service programs and Tennessee's Research and Statistics/Labor Market Information (LMI).

Unemployment Insurance provides unemployment benefits to workers who have lost their jobs through no fault of their own. Designed as a state and federal partnership 70 years ago, this program is a stabilizing force which keeps a flow of dollars moving in the local economy and helps sustain a trained workforce for employers.

Field Operations and Tennessee Career Centers

The Field Operations staff coordinates the delivery of agency services to the public through Tennessee Career Centers and Tennessee Department of Labor and Workforce Development offices throughout the state. Tennessee Career Centers offer computerized labor market information, Internet access, workshops, an on-line talent bank to assist both job seekers with job placement and employers with recruitment.

Job Service

Job Service is the largest employment agency in the state. In addition to job referrals, Job Service offers employers and job seekers a broad range of services. Job Service has the most extensive computer-based job applicant pool in the country.

Veterans' Programs

Veterans' programs excel in helping veterans transcend into the job market by matching their skills with employer needs. A total of 34,273 veterans were served during the fiscal year, and 16,483 veterans entered employment after receiving Job Service assistance.

Food Stamps Employment & Training Program

This section provides selected Food Stamp recipients with assistance in job search and other services that enhance the recipient's employability, including adult education, counseling, referral to supportive services, and work experience.

Trade Act Assistance (TAA) Program

TAA provides tuition and textbook payments to workers affected by foreign competition so these dislocated workers can receive the training needed to return to the labor force in new occupations. A total of 998 participants enrolled in TAA training during the fiscal year ending June 30, 2007; \$4.4 million was obligated to fund TAA training.

The Work Opportunity Tax Credit (WOTC)

WOTC provides tax credits to employers who hire and train targeted workers on the job. This easy-to-use program is a national model that saves employers money while putting people to work. There were 19,443 WOTC tax certifications in the fiscal year ending June 30, 2007, with a potential value of \$107.4 million.

Alien Labor Certification

Alien Labor Certification helps employers recruit temporary alien workers when qualified U.S. workers are not available. Applications are filed through the department's central office with final determination by the U.S. Secretary of Labor.

Employer Accounts Operations

Employer Accounts Operations is responsible for establishing the following:

- unemployment insurance premium liability of employers
- determining premium rates
- collecting and processing premium and wage reports and premium payments
- keeping a record of the quarterly wages of all Tennessee workers to be used in determining benefit eligibility
- auditing employer records and providing the accounting function for the Unemployment Insurance Trust Fund

Unemployment Insurance Trust Fund balance

- \$697,279,508 on June 30, 2006
- \$667,791,520 on June 30, 2007

Employer Accounts Operations received

- \$362,279,508 total Unemployment Insurance premiums
- \$31,064,997 in federal interest was received on the Unemployment Insurance Trust Fund balance

Tennessee's Premium and Wage Online Reporting System (TNPAWS)

The TNPAWS Internet reporting system to file Wage and Premium Reports system gives employers the option of filing their Wage and Premium reports over the Internet. Over \$56 million in total premiums was filed on TNPAWS.

UI Claims Center Operations

The UI Claims Center system allows claimants in 79 counties and out-of-state claimants to file for unemployment benefits by telephone, Internet or mail. Four centers located in Nashville, Chattanooga, Crossville and Johnson City are operational. Additional centers in Knoxville, west Tennessee, and Huntingdon are planned. In 2006, the four centers collectively received 181,000 telephone calls and by the end of the year were processing approximately 70% of the statewide unemployment insurance claims workload.

Unemployment Insurance Integrity

Unemployment Insurance Integrity includes Benefit Payment Control (BPC) Benefit Accuracy Measurement (BAM), and Reports and Compliance. During the fiscal year ending June 30, 2006, UI Integrity audited 21,424 claims for accurate payment.

Benefit Operations/UI Technical Services

Benefit Operations is responsible for processing and paying claims for unemployment insurance benefits under the Tennessee Employment Security Law. This section administers all federal claims programs, including Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-Servicemen (UCX), Trade Readjustment Assistance (TRA), Disaster Unemployment Assistance (DUA), Combined Wage, and Alternative Trade Adjustment Assistance (ATAA). Benefit Operations is also responsible for maintaining an archival record of all claims and claims related documents, determining alien claimant status, making strike claims determinations, assuring that all repayments of benefits are posted to the appropriate record and assuring that base period employers are charged the appropriate percentage of benefits paid to former employees.

In the fiscal year ending June 30, 2007, the Benefit Operations section processed 2,058,043 weeks of unemployment compensation totaling more than \$410 million in unemployment benefits paid.

The UI Technical Services provides technical support to central and local office personnel, claimants, employers, and the general public. This includes responding to correspondence and telephone inquiries; coordinating the child support intercept program; developing and delivering specialized training; preparing procedural manuals and conducting program evaluations.

Appeals Operations, Board of Review and Support Staff

Claimants and employers can appeal department decisions relating to claims. The Appeals Tribunal, the lower appeals level, conducts *de novo* hearings where the parties testify under oath and can offer documents and other evidence, such as the testimony of witnesses, for consideration. During the fiscal year ending June 30, 2007, there were 10,351 benefit decisions appealed by the employer and 12,487 appealed by the claimant for a total of 22,838 benefit decision appeals.

The Board of Review, the higher authority, decides contested unemployment claims appealed from the Appeals Tribunal. Employers can also appeal their premium rate and other liability issues.

Labor Market Information

The Research and Statistics/Labor Market Information section produces comprehensive, accurate, timely, and properly documented labor market information regarding the economic and demographic characteristics of the people, businesses, and industries of Tennessee. This section responds to thousands of requests each year. The Source Web site provides labor market information, averaging almost 833,000 hits and more than 31,000 session visits per month.

Workforce Development
Increasing Employment and Earnings
Industry Retention and Expansion
Workforce Development Report 2006-2007

The Division of Employment and Workforce Development is responsible for delivering the department's employment and training services under the Workforce Investment Act and the Title V Older American's Act. Businesses can find qualified workers, along with recruitment and training services. Job seekers can access information regarding labor market information, job listings, interview and résumé writing assistance, placement and job training. This year the division has had the following significant accomplishments throughout the workforce development system and in conjunction with our partners.

Services to Job Seekers

Workforce Development services were provided to 20,071 individuals across the state under the Workforce Investment Act and Title V. Based on the services provided to participants seeking employment, 83% successfully entered employment with a retention rate of 81%. In order to enhance the overall quality of the workforce in Tennessee, skill upgrades were provided to 10,769 job seekers with adult participants averaging \$12,798 in earnings over six-months.

Rapid Response for Transitioning Workers

Rapid Response services were provided to 205 companies assisting 16,320 dislocated workers in making the transition to new jobs and careers.

Services to Employers

Incumbent Worker projects were implemented in which 90 companies received grants totaling more than \$2.7 million in funding and serving over 9,742 workers who retained their jobs and received skill upgrades.

On-The-Job Training contracts totaling \$1.9 million were issued to employers, creating 4,000 new jobs over the past three years.

Workplace Regulations and Compliance

Improving the Safety of our Citizens

Boilers & Elevators, Mine Safety, Labor Standards, Labor Research & Statistics Report 2006-2007

Boiler Division

The responsibility of the Boiler Inspection Division is to prevent potential hazards involved in the operation of nearly 65,000 boilers and pressure vessels in Tennessee through biannual and biennial inspections. In fiscal year 2006-2007 inspectors conducted 13,008 inspections and issued 33,909 inspection certificates. Invoiced revenue for Boiler Division services was \$1,806,960.

Elevator Division

All passenger and freight elevators including aerial tramways, chairlifts, escalators and dumbwaiters in the state must be inspected twice a year. In 2006-2007, the division conducted 23,896 inspections and issued 11,948 permits. Invoiced revenue for Elevator Division services is more than \$1.7 million.

Mining Division

The Division of Mines provides required annual health and safety training classes to underground and surface miners. In 2006-2007, MSHA-certified instructors gave mine safety training to 1,974 miners. The Division of Mines issued 29 mine operator licenses and 86 mine foreman certificates across Tennessee.

Labor Research & Statistics

The Labor Research and Statistics Section conducts the U.S. Bureau of Labor Statistics Survey of Occupational Injuries and Illnesses and the OSHA Log Data Collection Initiative Survey to obtain data on non-fatal workplace incidents. Statistics on fatal occupational injuries are obtained through the Census of Fatal Occupational Injuries.

Labor Standards

The Labor Standards Division regulates three labor and wage laws and administers the laws for licensing employee assistance professionals in the state of Tennessee. Inspectors perform routine inspections to encourage compliance with those laws and to recover unpaid wages. In fiscal year 2006-2007, the Labor Standards Division processed 76,635 complaint calls.

The Child Labor Act - The Child Labor Act establishes the number of hours a minor between the ages of 14 and 18 may be employed and prohibits employment in certain occupations that may be hazardous to the health and safety of the minor. Labor Standards inspectors conducted 1,420 child labor inspections, issued 201 citations, and collected \$252,800 in fines for child labor violations.

Major Findings for 2006 Work-Related Fatalities	
Transportations incidents	59
Assault & violent acts	37
Contact with objects & equipment	29
Falls	14
Exposure to harmful substances & environment	9
Fires & explosions	5
Total fatalities	153

Fatal Work Injuries in Selected Industries	
Trade, transportation & utilities	45
Natural resources and mining	28
Construction	22
Leisure & hospitality	4
Professional & business services	17
Manufacturing	10
Education & health services	3
Other services	5
Financial activities	5

Wage Regulations Act - The Wage Regulations Act protects workers in private employment of five or more employees. It requires employees to be informed of what they will be paid prior to performing the work and requires employees to be paid all compensation due on their final payday. This act also protects employees from sex discrimination in relation to wages. The Labor Standards Division received 1,094 wage complaints. Of those investigated there was \$387,449.20 recovered for complainants.

Prevailing Wage Act - The Prevailing Wage Act protects wage earners from unfair practices regarding pay on state-funded building and highway construction. The act requires the department to conduct two surveys to determine the wage rates from various job classifications for state-funded construction projects. In 2006-2007, Labor Standards inspectors conducted 542 Prevailing Wage inspections with \$93,183.51 recovered for complainants.

TOSHA

Reducing Workplace Injuries, Illnesses & Fatalities

Tennessee Occupational Safety and Health Administration Report 2006-2007

TOSHA's mission is to assure the safety and health of Tennessee's workers by setting and enforcing standards; providing training, outreach, and education; establishing partnerships; and encouraging continual improvement in workplace safety and health.

Consultative Services

The Consultative Services Section offers a free consulting program to smaller employers, who seek safe and healthful working conditions for their employees. Services offered by this section include technical advice and assistance, hazard abatement recommendations, and employee training. In 2006-2007, this section performed 486 consultative visits and identified over 3,700 workplace hazards.

Compliance Section

The Compliance Section is responsible for enforcement of the Tennessee Occupational Safety and Health Act of 1972 (Title 5, Chapter 3) with emphasis on employee exposures to chemical and physical hazards. On-site monitoring and inspections are conducted to identify safety and health hazards and assure hazards are controlled or eliminated. In fiscal year 2006-2007, the Compliance Section performed 2,337 workplace inspections and identified 8,058 safety and health hazards.

Training & Education Section

Through a variety of programs, TOSHA Training and Education Section assists employers, employees, and their representatives in reducing safety and health hazards in their workplaces and in complying with the requirements of TOSHA standards and regulations. A series of seminars are held statewide in the spring and fall covering a variety of safety and health issues. In 2006-2007, TOSHA conducted 563 seminars and logged 12,759 attendees at their training sessions.

Safety Enforcement	2006-2007
Inspections conducted	1,219
Violations cited	4,015
Proposed penalties	\$1,340,523
Health Enforcement	
Inspections conducted	546
Violations cited	3,471
Proposed penalties	\$579,415
Public Sector Operations	
Inspections conducted	572
Cited violations	1,502
Consultative visits	486
Hazards identified during visits	3,729

Training & Education	
Seminars & formal programs conducted	563
Number of attendance at activities	12,759
Laboratory	
Samples analyzed	901
Determinations	4,686

Workers' Compensation
Resolving Workplace Injury
Workers' Compensation Report 2006-2007

During fiscal year 2006/2007, the Workers' Compensation Division continued to provide services mandated by the Workers' Compensation Reform Act of 2004. The claim dispute resolution process by the Benefit Review program resolved disputes involving temporary total disabilities and medical benefits in 4,728 claims, which is a 31% increase over fiscal year 2005/2006. There were 7,597 Benefit Review Conferences held to mediate final settlements. This is an 11% increase over the prior fiscal year. The Benefit Review program reviewed for approval or disapproval 7,173 settlements which is a 19% increase over 2005/2006.

The Division continues to work with medical care providers to implement changes to the Workers' Compensation Medical Fee Schedule established as a part of the Reform. The goal is to provide a balanced system in order for the injured workers of Tennessee to receive quality medical care while reducing the rising cost of their medical care.

The Uninsured Employers Fund strives to have employers who are subject to the Tennessee Workers' Compensation Law comply with the law by insuring their workers' compensation liability. This assures fair competition for employers and provides benefits to employees injured on the job. In fiscal year 2006/2007, the program collected \$1,077,356 in monetary penalties.

The Workers' Compensation Division continues to work with the employees, employers, insurance companies, attorney and medical care provides to improve the system by enhancing the benefits of the 2004 Reforms. Based on information provided by the National Council on Compensation Insurance (NCCI) estimates, implementation of the 2004 Workers' Compensation Reforms has saved the employers of Tennessee more than \$139,000,000.00 in direct written premium.

Marketing
**Communicating Our Department
Services to Employers**
Marketing Report 2006-2007

Within the marketing group, 10 Employer Services Specialists (ESSs) are responsible for marketing the department's services to employers and establishing quarterly Workforce Employer Outreach Committees (WEOCs) across the state. The purpose of the Workforce Employer Outreach Committee is to provide a broader reach to Tennessee's employer community and provide to them a direct link with the Department of Labor & Workforce Development. Each WEOC enables two-way communication that fosters economic development, promotes departmental services, and facilitates distribution of policies and information. Currently, every county in Tennessee is affiliated with a WEOC, with more than 300 WEOC forums being conducted annually. The ESSs also present department programs to more than 4,500 individual Tennessee employers annually.

Marketing Program Totals*	
Programs	# Employers Reached
Drug-Free Workplace	4,874
Meth Destroys	3,942
UI Fraud	3,739
Anti-Meth Campaign	3,942
Child Labor	3,044
Hire Vets First	2,740
* Information collected from 7/1/06 – 6/30/07	

How the TDLWD is Funded Annually

Employment Security	\$68,730,352	35%
Administration	\$9,443,814	5%
TOSHA	\$9,771,550	5%
Mines	\$840,878	0.43%
Boilers and Elevators	\$3,748,685	2%
Workers Compensation	\$13,303,904	7%
Second Injury Fund	\$10,977,828	6%
Labor Standards	\$1,554,935	1%
Division of Workforce Development	\$57,523,993	29%
Adult Education	\$19,447,328	10%

Fiscal Year 2006-2007

Federal \$131,137,829
State \$ 35,744,366
Other \$ 28,461,070

Total \$195,343,265

*Figures as of 09/08/07

Headquarters 710 James Robertson Parkway Nashville, TN 37243	
Office of the Commissioner	(615) 741-6642
Adult Education	(615) 741-7054
Employment Security	(615) 253-4809
Employment & Workforce Development	(615) 741-1031
Workplace Regulations	(615) 741-1627
TN Occupational Safety & Health Administration (TOSHA)	(615) 741-2793
Workers' Compensation	(615) 741-2395
Tennessee Career Centers	(800) 576-3467
Marketing (Employer Service Specialists)	(615) 741-7374
TDD Number for the Hearing Impaired	(615) 532-2879
www.tennessee.gov/labor-wfd	



The Tennessee Department of Labor and Workforce Development is committed to principles of equal opportunity, equal access, and affirmative action. Auxiliary aids and services are available upon request to individuals with disabilities.



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