



Public Hearing Testimony
Dennis C. Murphy, Acting Labor Commissioner

Appropriations Committee
February 24, 2011

Good morning - Senator Harp, Representative Walker and members of the Appropriations Committee. Thank you for this opportunity to speak about the budget for the Department of Labor as outlined in **House Bill #6380: An Act Concerning the Budget for the Biennium Ending June 30, 2013**. My name is Dennis C. Murphy and I am the Acting Commissioner of the Department of Labor (CTDOL).

Our mission at the Department of Labor is to protect and promote the interests of Connecticut's workers, while helping both employers and employees be competitive in a global economy. We carry out that mission in a variety of ways.

We enforce the laws that protect the interests of workers on the job. The laws that protect the rights of workers to be paid the minimum wage and to be paid time and a half for overtime. The laws that require employers to maintain safe working conditions, especially for our younger workers. The laws that guarantee a worker that when she takes a leave to care for her seriously ill child or husband, her job will be there when she returns.

The state budget that funds enforcement of these laws reflects the priorities of our government and its citizens for fairness and justice in the workplace.

But a far greater portion of the Department's budget and its resources – much of which is federally funded – is dedicated to meeting the needs of workers who have fallen on hard times. Workers who are unemployed and underemployed. Workers who are trying to build the skills to get a better job. Workers who are trying to climb out of poverty and take on productive roles in our economy and in our society.

There are four major programs in the Department that aim to help the unemployed and the underemployed:

- 1) The Unemployment Insurance program today provides the primary means of financial support for over 146 thousand Connecticut citizens who file for unemployment compensation each week.
- 2) The Employment Service helps unemployed workers find new employment and helps employers find the right workers to meet their needs.

- 3) The Workforce Investment Act provides approximately 28.6 million dollars in federal job training funds, most of which the Department distributes in the form of grants to Regional Workforce Boards. In addition to insuring that these dollars are expended properly, the Department also manages statewide activities under the Act, like our Rapid Response team which provides services and information to workers affected by company closings and major layoffs.
- 4) During SY2010, the Jobs First Employment Services program, the major employment and training program on the state side of our budget, helped 11,713 of our most disadvantaged citizens access services to assist them out of welfare to employment with the goal of reaching self-sufficiency.

The rapid deterioration of the economy in the past few years has presented major challenges for the Department of Labor and these programs in particular. Nowhere has the challenge been greater than for the Unemployment Insurance program.

The Unemployment Insurance program continues to be a vital component in the state's economy. Three years ago, there were approximately 40 thousand Connecticut workers filing weekly for unemployment benefits. Today, there are over 146 thousand individuals filing for unemployment benefits each week – over 72 thousand for regular unemployment benefits, and over 74 thousand for additional benefits under the federally-funded Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) programs.

In 2010, the Department paid out over 1 Billion dollars in state (regular) unemployment benefits and about 1.2 Billion dollars in federally-funded emergency unemployment compensation. That 2.2 Billion dollars represents the most effective form of economic stimulus – one that helps pay for rents and mortgages, for food and utilities.

Also in 2010, our two Unemployment Call Centers handled over 1.1 Million calls from the public – either filing claims or making inquiries about their benefits. Our employees continue to work long hours to meet the unprecedented needs of Connecticut citizens who are suffering the harsh consequences of this recession.

We have had to take extraordinary measures to increase the capacity of our systems to adapt to both rising workloads and a succession of federal extension programs. These have included opening the Call Centers for expanded hours (including holidays), reassigning DOL staff to the Centers, hiring temporary staff and retirees and establishing a special center for handling federal extension claims.

In a technological advancement of major significance, the agency transformed from a paper check method of benefit payment to a fully electronic payment method via debit card or direct deposit in January of 2011. As a result, the agency anticipates saving over 3.6 Million Dollars annually on printing and postage costs.

We acknowledge that far more needs to be done to expedite the means by which weekly claims are filed and processed, and the agency is committed to improving the overall operation of the program as claimants acquire greater familiarity with the debit card/direct deposit claim filing process.

It is important to note that federal funding of the Unemployment Insurance program has increased as the economy has worsened in recent years. With the recent federal extension of federally paid-for UI benefits, it is now possible to receive a maximum of 99 weeks of UI benefits. In calendar year 2010, over 33 thousand claimants received the maximum entitlement of 99 weeks of unemployment compensation.

In addition, the Shared Work program, which currently has over 600 employers and 13,500 employees enrolled, continues to provide employers who are facing a temporary economic downturn with an alternative to layoffs.

Under the Shared Work program, instead of laying off a worker permanently, an employer can reduce the hours of 5 employees from 40 to 32 with each of those 5 employees qualifying for one-fifth of the unemployment benefit that the laid off worker would have received. In this way, the employer can retain trained workers who – in turn - maintain their employment and fringe benefits.

The federal government stimulus legislation (American Recovery and Reinvestment Act – “ARRA”), has provided the Labor Department with increased administrative dollars to support the expansion of all three of our federal programs:

- WIA (Workforce Investment Act) by \$30.3 Million;
- Employment Services by \$4.5 Million; and
- Unemployment Insurance by \$6.2 Million.

Turning to the Governor’s proposed budget, we recognize the RBA (Results Based Accountability) initiative as a tool in our budget process. I understand that there will be specific questions posed by the committee following my presentation, and we are prepared to address them. However, in regard to the budget proposal to transfer the Apprenticeship Program and certain job training programs (Incumbent Worker Training, 21st Century Jobs, STRIDE, STRIVE and Occupational Industrial Centers) to DECD, we do not anticipate any loss of quality or effectiveness in terms of services delivered to customers for these programs.

The Labor Department currently has 866 employees – 213 General Fund positions and 653 federally funded positions. We have a total administrative budget of about 160 million dollars. For fiscal year 2011, the General Fund portion of our budget is about 60 million dollars, which includes the state appropriation of 28.6 million dollars under the federal Workforce Investment Act.

Our General Fund budget includes funding for four major regulatory programs:

- 1) The Wage and Workplace Standards Division enforces a wide range of laws governing the payment of wages and other working conditions in the Connecticut workplace.
- 2) The CONN-OSHA Division is charged with insuring that Connecticut’s public sector workplaces are free from recognized safety and health hazards, and provides free consultation services to private sector employers subject to federal OSHA standards.
- 3) The State Board of Mediation and Arbitration provides a forum for resolving contract disputes and collective bargaining impasses primarily in the public sector.

- 4) The State Board of Labor Relations serves as a state counterpart to the National Labor Relations Board, administering four different laws which regulate collective bargaining in the public sector.

I hope this brief presentation has given you an adequate overview of the budget picture at the Department of Labor.

Thank you for the opportunity to provide this testimony and I look forward to working with the Appropriations Committee regarding our General Fund budget. I have brought along some key staff from the Department to help me answer any specific questions you may have this morning.