



Appropriations Committee Labor Department FY 2015-16 Biennial Budget Presentation March 2, 2015

I. Introductory Remarks

Good afternoon Senator Bye, Representative Walker, Senator Kane, Representative Ziobron and members of the Appropriations Committee. My name is Sharon Palmer, Commissioner of Labor.

Thank you for the opportunity to discuss the Governor's proposed FY 2015-16 Biennial Budget today. I have some brief remarks, after which I and my staff will be available to answer any questions you may have concerning our budget.

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

The state budget funds the priorities of our government and its citizens concerning labor laws in the workplace. With the downturn of the economy in past years, our Employment and Training Services side of the house has successfully met the demands of an unprecedented increase in customers in need of jobs, education and employment training. Now that the demand has somewhat subsided, the Department is in a position to implement the employment service challenges which the Governor's budget presents.

II. General Fund Details

As you can see from the specifics of the Governor's FY 2015 Biennial Budget, some General Fund Employment Programs have been significantly reduced or eliminated:

- STRIVE (“Support and Training Result in Valuable Employees”)
 - Eliminated
 - A “tough love” national program for ex-offenders, non-custodial parents, veterans and people with disabilities
- STRIDE (“Skills, Transition, Respect, Integrity, Direction and Employment”)
 - Reduced
 - A state re-entry program for incarcerated and paroled non-custodial parents
- Customized Services [Eliminated]
- Jobs Funnel Projects [Reduced]

- Spanish American Merchant Association [Eliminated]
- Veterans' Opportunity Pilot (Eliminated)
- Opportunities for the Long-Term Unemployed (P2E) [Eliminated]; and
- Youth Employment [Reduced]

Some of this funding has been reallocated to the general line item of Employment Services.

In particular, we are excited about the influx of funding for the Governor's Second Chance Initiatives, which should help to mitigate the reductions to the STRIDE and STRIVE Programs.

I will attempt to incorporate individuals adversely affected by these reductions – like our youth – into our existing employment support services. The quality of service will remain high and widespread – it will simply not be as intensive.

However, make no mistake about it, these cuts are real cuts, and they will require tough decisions to be made on our employment services side of the house.

As always, I pledge that the agency will do its best to ensure that the quality of services provided will remain high.

III. Federally Funded Operations

While I am here to discuss the Governor's recommended state budget, it is important that I take some time to outline other challenges confronting our federally funded Employment Security Division in the upcoming year.

Approximately 700 DOL employees are funded with federal U.S. Labor Department administrative grants (80% of our agency workforce). Our largest administrative grant is for the operation of Unemployment Insurance programs (claims processing, employer tax, Appeals and Adjudications). UI funding is determined primarily by the unemployment claim workload both nationally and state specific.

During the last few years of the "Great Recession," when the unemployment claim load was at historic highs, our administrative funding rose in relation to unemployment workload. Now that we are back to pre-Recession claim levels, our funding has and will continue to decline for the foreseeable future.

The same fiscal challenge also exists for the funding of our American Job Centers, where the federal Employment Service grant funding has been basically flat-funded for the last 15 years while our operating and personnel costs have risen dramatically.

In anticipation of the federal funding reductions, the Department has implemented a self-imposed hiring freeze and cost reduction initiatives for the last 12 months. We will continue to maintain that hiring freeze until we realign our operations within available federal resources.

We are committed to providing services based on federal funding levels and will continue to assess the impact of federal funding cuts on all our unemployment and employment services operations. We realize

this is an additional fiscal and operational challenge for our agency that may affect some services we provide to our citizens. We will keep this committee informed of our progress and what steps we plan to take to operate at appropriate federal funding levels.

IV. Conclusion

I hope this presentation has given you an adequate overview of the entire budget picture – both state and federal – at the Department of Labor. I have a number of my staff available here today to help answer any questions you may have.