



**Appropriations Committee  
Labor Department FY 2017 Mid-Term Budget Presentation  
February 10, 2016**

**I. Introductory Remarks**

Good afternoon Senator Bye, Representative Walker, Senator Kane, Representative Ziobron and members of the Appropriations Committee. My name is Scott Jackson, and since February 3<sup>rd</sup>, 2016, I have served as Commissioner of Labor.

Thank you for the opportunity to discuss the Governor's proposed FY 2017 Mid-Term Budget today. I have some brief remarks, after which my team and I 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 are part of the collaborative team of State agencies and partner organizations dedicated to training, attracting, recruiting, and retaining the workforce necessary to lift the rising tide of our state's economy and preserve the civic, social, and economic fabric of our communities. We carry out that mission in a variety of ways and, as always, this Department stands ready to address the employment service challenges that are very real in every neighborhood in our great State.

## II. General Fund Details

As you know, the Governor's proposed FY 2017 Mid-Term Budget allows Commissioners to identify core agency priorities, and be held accountable for not only the effectiveness, but also the cost effectiveness of their budget. Toward that end, the Governor's budget allocates just over \$38 million to CTDOL priority areas including youth employment, workforce training, apprenticeship, Veterans' opportunities, and wage enforcement. In particular, we are excited about the

influx of funding for the Governor's Second Chance Initiatives, which should help to mitigate reductions to the STRIDE and STRIVE Programs.

Simultaneously, if we are to maintain competitive advantage and work at the speed of business across our economy, we must promote and enforce workplace safety and—yes—we must aggressively and proactively promote labor peace.

While this budget transfers and reallocates to the Comptroller's Office approximately \$8 million used to fund Arts, Tourism, and other Community grants, the quality of Department of Labor services will remain high – these services must be funded within our available means, in adherence with our core mission and statutory requirements, and deliberately structured with the flexibility to meet the urgent needs of Connecticut families as they arise.

Tough decisions will need to be made within the Department of Labor. Like all State agencies during this slow but improving economic recovery, it is critical that we pair new sets of eyes with the invaluable experience of our entire

department—from customer service representatives on up—to refine, redefine, and recommit our 21<sup>st</sup> century mission.

### **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 which have confronted our federally funded Employment Security Division this past year.

Approximately 80% of our agency workforce is funded with federal U.S. Labor Department administrative grants. Our largest administrative grant is for the operation of Unemployment Insurance programs (Claims Processing, Employer Tax, Appeals and Adjudications). As you may know, Unemployment Insurance funding is determined primarily by the unemployment claim workload within Connecticut as well as across the nation. During the last few years of the “Great Recession,” when the unemployment claim load was at historic highs, our federal administrative funding rose in relation to the high unemployment workload.

However, in light of recent decreasing unemployment rates— which is absolutely a good thing for working families -- federal funding to CTDOL has decreased significantly. Now that we are back to pre-Recession claim levels, our funding has and will continue to decline for the foreseeable future. Again, this federal funding supports approximately 80% of our agency's workforce, and our agency must be prepared for this reality.

The same fiscal challenge also exists for the funding of our American Job Centers, where the federal Employment Service grant funding has been essentially flat for the last 15 years while our operating and personnel costs have risen dramatically. Because of these substantial federal funding reductions based upon the larger economic profile of the State, the Department incurred a very difficult round of layoffs this past year, and imposed other cost reduction initiatives, such as consolidating Call Centers and American Job Centers.

We are committed to providing services based on current federal funding levels and will continue to assess the impact of federal funding cuts on all of our unemployment and employment services operations. We realize, as I know you do, that these reductions may adversely affect some services we provide, most visible to our customers being lengthy Call Center call waiting times during peak volume periods. However, we pledge continued vigilance of our performance, evaluation of new options, and new ways of doing business. We will keep this committee informed of our progress and what next steps are planned in our cycle of continuing improvement.

There is no grant we will not pursue, there is no improvement we will not consider, there is no efficiency we will not implement.

#### **IV. Conclusion**

I hope this presentation has given you an overview of the entire budget picture – both state and federal – at the Department of Labor. My team and I stand

prepared to answer any questions you may have, and I thank you for your time and kind attention.