

**Commissioner Peter M. Rivera
NYS Department of Labor
Budget Testimony
February 11, 2014**

Joint Hearing of the Legislative Fiscal Committee

Chairman DeFrancisco, Chairman Farrell, Chairwoman Savino, Chairman Heastie, and distinguished members of the committees: I am Peter Rivera, Commissioner of the Department of Labor. On behalf of the Department of Labor, I am pleased to be here today, and I thank you for this opportunity.

As you may know, New York's economy has created hundreds of thousands of jobs since Governor Cuomo took office. The unemployment rate is down in all 10 regions of the state, the state economy has added more than 390,000 private sector jobs and the private sector job count is at a record high of more than 7.5 million. New York State is one of only 10 states to have fully recovered all of their private sector jobs lost in the recession.

Now we are building on that success.

The Department of Labor plays a major role in strengthening the economy by connecting job seekers to jobs, supporting businesses in hiring, assisting the unemployed and protecting workers. That is our mission. We help coach and train job seekers, help connect workers to businesses and partner with businesses to help them compete in today's global economy. The agency also assists the unemployed, with a special focus on the long-term unemployed. And we provide specialized services for veterans, youth, and the formerly incarcerated. We vigorously enforce state labor laws to ensure a fair wage for all, a level playing field for businesses and the safety and health of workers and the public.

Budget Overview

The Governor's Executive Budget provides the Department of Labor with the resources needed to carry out our mission and support the Governor's goal of more effective and cost-efficient operations.

The Department of Labor's 2014-15 Budget Submission is consistent with the Director of the Budget's Call Letter requesting zero growth. Nearly 90% of the Department of Labor's staff is supported by federal grant funding. The amount requested for federal grant programs is \$731 million. The majority of our state funding supports our Worker Protection programs and is supported through our Special Revenue Other funds. The requested appropriations for the State Special Revenue Other programs are \$72.7 million.

Jobs Jobs Jobs

Developing a strong workforce is vital to our state's success. I'd like to speak now about the role we play.

One of Governor Cuomo's primary goals is to connect job seekers and employers. New York is leading the country with our workforce development programs. The numbers speak for themselves. Nation-wide last year, there were approximately a million people who found a job after using services from a state career center. Here in New York, more than 250,000 people who received services in one of our 96 career centers found a job. But it's more than just statistics: this represents more than a quarter of a million people -- who may not otherwise have found employment -- supporting their families and contributing to the economy.

Our high rate of success is directly linked to the innovative and efficient strategies we have advanced over the past few years.

For example, our Career Centers around the state offer a wide range of services for job seekers, including: job coaching and referrals; basic job-skills training; resource rooms; and SMART resume technology to match a person's skills to available jobs. Our highly trained staff help jobseekers to find employment and help employers to find qualified workers.

As part of our no-cost services to job seekers and businesses looking to hire, the Department of Labor also hosts Governor Cuomo's Jobs Express website. Jobs Express connects workers to openings in each region of the state. The site adds an average of 51,000 new job listings each month.

We also support the highly successful New York Youth Works Tax Credit Program, which is back for the next four years. This program helps young people get into the workplace and succeed in their jobs. In 2012, the program incentivized 1,270 New York businesses to hire 12,866 at-risk young people across New York. This year, businesses will be offered a wage subsidy of up to \$4,000 in the form of tax credits to immediately put at-risk youth from targeted communities to work. We support Governor Cuomo's proposals to increase the size of the program from \$6 to \$10 million for each year, incentivizing employee retention with additional tax benefits and training funds.

As we help individuals launch their careers, we also need to ensure that the skills being taught in colleges match what businesses need both today and in the future. Governor Cuomo recognizes the vital role higher education plays in growing our economy. That is why we are working with college leaders to help develop their programs with an eye toward workforce development. The combination of the Governor's Job Linkage Program and Education Roundtable is setting the stage for the workforce development collaborations of tomorrow.

Unemployment Insurance

The Department of Labor also oversees the state's Unemployment Insurance program.

Last March, Governor Cuomo signed into law a reform package for Unemployment Insurance. Reform measures fix New York's broken system, which, in recent years, has not had enough funds to pay all the claims filed by unemployed workers. New York, like at least 36 other states, borrowed from the federal Unemployment Insurance trust fund to cover those costs. Unemployment Insurance Reform restructures the system to make it self-correcting, sustainable and more predictable over time, reducing our reliance on federal loans. Reform puts in place new fraud detection and prevention measures, helps claimants return to work more quickly and increases the weekly maximum and minimum benefit rates for claimants beginning in October 2014. Through reform, businesses will save an estimated \$400 million dollars over the next 10 years.

Enforcement Efforts

As we reform our systems to make them more sustainable, we are also continuing robust enforcement efforts to support those systems. New York State is also a national leader in preventing, detecting and recovering improper payments in order to minimize the burden on our state's businesses. In 2013, investigators identified more than \$70 million in fraudulent Unemployment Insurance overpayments – that is a nearly 10% increase from 2012 and a 12% increase over 2011.

In fact, New York's efforts are so successful that in 2012, New York State was selected by the United States Department of Labor and United States Office of Management and Budget to create the Unemployment Insurance National Integrity Center of Excellence.

New York laws help ensure safe working conditions and that workers are paid the proper wage. By enforcing these laws, we level the playing field for the great majority of businesses that follow the rules.

In 2013, the agency disbursed nearly \$23 million to workers who were not paid their proper wages, overtime pay or fringe benefits. That is an increase of more than 12% over 2012. And in 2013, we closed 36% more cases. That marks the first year in recent memory that more cases were closed than were opened. This is a direct result of our investigative procedure changes. We are dramatically reducing how long cases take to process while still ensuring higher standards than most states and even the federal government. By the end of fiscal year 2014, we expect the average investigation to be complete within just 6 months, a more than 50% reduction. Our efforts continue to put more money that was rightfully earned in the pockets of workers more quickly than we have in years.

In addition, through our Joint Enforcement Task Force, we help reduce the misclassification of workers. We prosecute those who try to avoid complying with Unemployment Insurance, workers' compensation, social security, tax withholding, temporary disability, and minimum wage and overtime laws that protect workers. In 2013, the agency identified nearly 24,000 misclassified workers and discovered more than \$330 million in unreported wages.

In addition to fighting misclassification, we enforce laws relating to prevailing wage. Under New York State Labor Law, contractors and subcontractors must pay the prevailing rate of wage and supplements to all workers under a public work contract. In 2013, the Department of Labor distributed more than \$15 million in such wages and interest to more than 5,800 workers. 2013 saw a record number of workers paid, a record number of employers found to be willfully violating the prevailing wage laws and a record number of individuals and entities barred from bidding on public work in the future.

Finally, the agency is also actively engaged, through its Agricultural Labor Program, in working to help employers find the workers they need and understand the rules they must follow. Last year, Agriculture Labor Program staff conducted more than 1,185 field visits and met with more than 804 agricultural businesses to offer hiring assistance and educate employers about labor law compliance and available resources. We have increased the number of field visits, reduced the number of violations and are accomplishing our goal of helping businesses comply with the law.

Conclusion

As you can see, we are building on the success of the past three years. The economy is growing and, under Governor Cuomo's leadership, we continue to add thousands of jobs. The Department of Labor is supporting the governor's initiatives by connecting job seekers to jobs, partnering with businesses to boost hiring and protecting workers across our great state.

Thank you. I welcome your questions.