

**Commissioner Peter M. Rivera  
NYS Department of Labor  
Budget Testimony  
February 5, 2013**

**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.

The Department of Labor's core mission is to connect job seekers with jobs, assist the unemployed and protect all workers. Our activities affect the well-being of all New Yorkers – from those recently laid off and looking for a job, to businesses looking to hire qualified workers and maintain a safe workplace, to families who want to enjoy our state's popular amusement parks and ski resorts with the assurance that they are safe.

The Department of Labor is a one-stop source for companies who need assistance with recruitment, training incentives, layoff aversion and workplace safety. We offer customized recruitments that save employers thousands of dollars. The Governor's Jobs Express website, which we maintain, allows employers to post job openings for free. Last year, approximately 57,000 people were hired by employers who posted jobs on that site.

Our agency also offers access to training dollars so companies can remain competitive. Businesses can take advantage of tax and hiring incentives that help their bottom line. We also help keep employees safe on the job and save employers money with free, on-site health and safety consultations and training. Labor law seminars are offered statewide so employers can avoid violations.

Our agency provides staff assistance, labor market information and other resources to support the work of the Governor's 10 Regional Economic Development Councils. In connection with the Councils, our agency made \$3.7 million in federal Workforce Investment Act (WIA) funds available for the first round of the Consolidated Funding Application (CFA) initiative in 2012. The money was targeted to businesses to upgrade the skills of current workers; support on-the-job training for new hires, especially the long-term unemployed; and train workers for in-demand occupations. During the first round, 5,270 workers were trained. For the second round of CFA awards, which were announced in December, we identified an additional \$5 million in WIA Rapid Response funding. This will be used to avert layoffs by training existing employees who are at risk of losing their jobs unless they upgrade their skills.

We have expanded our unemployment insurance (UI) fraud detection methods to level the playing field for law-abiding businesses and save them money. In 2012, the Department identified 62,748 UI beneficiaries who were receiving benefits illegally in both the regular state UI program and the federal extension programs. The dollar value of that fraud was nearly \$62 million for regular UI and nearly \$59 million for the federal extensions. We estimate that stopping improper UI payments alone saves the average employer about \$2,000 per year. New York is a national leader in preventing and detecting UI fraud. Our efforts are so successful that last year, the federal government selected the Department of Labor to host the National Integrity Center for Excellence.

Our successful Shared Work program also saves employers money in the long run. The program allows workers to collect partial UI benefits during temporary downturns. Since the workers remain employed, companies are spared the cost of hiring and training new people when business picks up again. It is a win-win – companies retain valuable employees, and workers maintain a stable income to support themselves and their families. Last year, 850 Shared Work Plans were approved, covering more than 12,610 workers. We estimate that 3,280 jobs were saved.

In addition, we are working closely with Governor Cuomo to reform our unemployment insurance (UI) system in ways that benefit both employers and workers. Unemployment benefits are a lifeline to New Yorkers who lose their jobs through no fault of their own. Yet borrowing from the federal government to meet our obligations saddles our employers with interest debt that is costly and unpredictable. Governor Cuomo is proposing reforms that will lower total costs to employers, with savings of \$400 million over 10 years. Reforms will stabilize the UI Trust Fund and provide employers with predictability by decreasing the risk of having to borrow to cover future claims. For workers, we must increase the maximum and minimum weekly benefit rates which have not changed since 1999. Thirty-one states have a higher maximum weekly benefit than New York's \$405. We must also enhance support services to help claimants find re-employment.

The Department of Labor strongly supports that Governor's proposal to increase the minimum wage to \$8.75 an hour. A reasonable minimum wage increases the standard of living for workers, reduces poverty, incentivizes fair and more efficient business practices, and ensures that the most vulnerable members of the workforce can contribute to the economy. New York's current minimum wage of \$7.25 an hour is below that of 19 other states and prior adjustments have not kept up with increases in the cost of living.

In December 2011, the legislature passed, and Governor Cuomo signed, the New York Youth Works program into law. This made a significant difference in the lives of our state's young people by supporting job training and employment for eligible, disadvantaged youth in key areas of the state. During 2012, 13,116 certified youth were employed by businesses that certified under the program.

Other initiatives are helping to put the long-term unemployed back to work. The National Emergency Grant On-the-Job Training program offers companies incentives to hire dislocated workers. So far, this valuable initiative has supported training for approximately 760 workers. The program will run through June 2014 with \$4.7 million in funds remaining.

The Re-employ NY initiative is using \$6 million in federal grant funds to offer wage subsidies to companies that hire new workers from the ranks of the long-term unemployed. We are partnering with Empire State Development and local workforce agencies to promote the availability of funds by deploying Mobile Re-employment Response Teams to areas with high rates of long-term unemployment. Teams work with the unemployed to offer them help with a variety of job-hunting skills and to match their abilities to local job openings. At the Governor's direction, the Teams are also providing targeted services to unemployed veterans.

As you know, our state continues to be challenged by Mother Nature. Most recently, it was Hurricane Sandy that wrecked havoc with New Yorkers' homes and businesses. To date, we have administered more than 9,300 applications for Disaster Unemployment Assistance so those whose incomes were disrupted due to the storm don't have to worry about buying groceries or paying rent. We extended the

hours of our UI telephone claims centers and our general service center to include nights and weekends in order to handle the huge increase in questions and claims.

Under Governor Cuomo's direction, we applied for and received nearly \$28 million in federal Disaster National Emergency Grant funds. These funds are being used to hire temporary workers to help clean up communities affected by the hurricane. As of mid-January, 1,290 people were hired under the program. As more cleanup opportunities become available, we will refer more workers to be hired by localities.

Finally, our agency continues to protect all workers in New York State. Our Division of Labor Standards, Bureau of Public Work, and Division of Immigrant Policies and Affairs (DIPA) work to ensure that all workers are treated fairly under the State's Labor Laws. These efforts also ensure a level, fair playing field for the vast majority of honest employers. In 2012, the Department distributed \$20.1 million to 9,184 workers who were not paid their proper minimum wage and overtime, or their agreed-upon wages and fringe benefits.

Immigrant workers and employers face additional barriers to understanding and complying with labor laws. In 2012, the DIPA conducted 52 outreach events, reaching more than 9,600 people, to educate and inform immigrant workers and employers about labor laws, their rights under the laws, and the services our agency offers.

We are committed to improving the services we offer to job seekers, business owners, the unemployed and current workers. With diligence on our part, consistent with the Governor's vision of efficiency, New York will continue to rise.

Thank you. I welcome your questions.