

**Commissioner Roberta Reardon
NYS Department of Labor
Budget Testimony
February 8, 2017
Joint Hearing of the Legislative Fiscal Committee**

Senator Young, Assembly Member Farrell, and distinguished members of the committees. Thank you for the opportunity to appear before you today to discuss Governor Andrew Cuomo's proposed 2018 Budget and the work of the Department of Labor.

Economic Revitalization

During my first year as Commissioner, I have taken part in events and visited Department of Labor offices in every region of the state and I have seen first-hand the dramatic economic progress that's been made.

New York State's unemployment rate stands at 4.9%, down from 8.4%. And there are more than 7.9 million private sector jobs in our state – the most on record. The number of private sector jobs is up and unemployment is down in every region of the state, but there's still much more we can accomplish together.

Minimum Wage

A great example is the minimum wage. Last year, the Governor and Legislature took a historic step to jumpstart New York's economy and make sure no one who works a full-time job lives in poverty.

Raising the minimum wage to \$15 will impact about a quarter of the total workforce, more than 2.3 million New Yorkers. It will lift more than 250,000 people in about 110,000 families out of poverty. And it will increase consumer spending power by more than \$15.7 billion, which will return to local economies and help sustain even more job growth all across New York. And on December 31, we climbed the first rung on that ladder toward \$15.

Education and Enforcement

One of our core responsibilities is to ensure that workers are being paid the proper wage. First, we educate, by reaching out to businesses, workers, organizations and advocacy groups. We recognize that most businesses want to do the right thing, so we are working with them to make sure they know what that is.

But there are some bad actors who knowingly profit by taking advantage of their workers. It hurts law-abiding businesses by creating an unlevel playing field and is not what we stand for in New York. The Department of Labor is a leading member of the Joint Task Force to Combat Worker Exploitation. And over the past three years, we have recovered nearly \$110 million and returned that money to 84,000 workers victimized by wage theft.

To put this in perspective, that total is more than double that of any other state in the nation. In the months ahead, we will continue these efforts, making sure that any worker who is cheated out of their proper pay is made whole.

Unemployment Insurance

We also stand by workers who lost a job through no fault of their own. Since the recession ended, we have continued to see fewer and fewer people needing Unemployment Insurance. But it is no less important. Three years ago, as a result of the recession, the state's employers owed the Federal Unemployment Insurance Trust Fund \$3.5 billion. But because you acted on the Governor's reform proposal, we were able to save employers an estimated \$200 million in interest costs. The Trust Fund ended 2016 nearly \$1.3 billion in the black -- that's more than four times higher than 2015.

But more reforms are needed. Current Unemployment Insurance rules discourage part-time work. For each day a claimant works now, even if for as little as one hour, their weekly benefit is reduced by 25%. A part-time job can serve as a bridge to full-time employment by allowing an individual to maintain or even improve their skills while they're unemployed. The Governor proposes greater incentives for unemployed workers to work part-time, potentially allowing them to return to work more quickly.

Workforce Development

Another major part of what we do involves connecting job seekers to jobs and supporting businesses throughout the hiring process. For businesses, we offer a suite of no-cost services in conjunction with Empire State Development to both facilitate and incentivize hiring. For job seekers, we offer 96 career centers strategically located in every corner of the state. In each center, we have seasoned career experts that work with job seekers of all experience levels.

We offer cutting-edge solutions to help people find work -- like virtual career fairs, our Jobs Express job bank, the Career Zone tool to help young people plan their future, and an Employability Score, which allows job seekers to explore career openings, assess their employability and connect with employers online, without leaving home.

How do we know these tools are working? Just ask the nearly 200,000 people we helped get a job last year. And that number accounts for 25% of the people hired through all career centers nationwide, far above any other state. At a time when businesses are demanding workers, we are working to meet that demand. But we are also looking to the future.

Middle Skill Workers

Middle Skill jobs are those that require more than a post-secondary education, but less than a four-year degree. And they represent a significant share of the labor market in New York and across the United States.

This is one reason why Governor Cuomo has proposed the first-in-the-nation Excelsior Scholarship, making college tuition-free for New York's middle class families at all SUNY and CUNY colleges. And why he's making sure it applies to two-year colleges.

This will help thousands of young people realize their dream, alleviate the burden of student debt and help New York State address the need for more trained Middle Skill workers.

Looking to the Future

Let me end on a note of reassurance. In a time when everyone is doing more with less across the board, we are assessing and responding to our changing landscape, prepared for the future.

Tech Workforce Task Force

As the technology sector continues to boom across the United States, we are harnessing its many benefits here in New York. By planning for 21st century jobs under the New York Tech Workforce Development Task Force, we will ensure a pipeline of skilled workers ready to grow the businesses and economy of tomorrow. We must identify the baseline for tech education and investigate what basic technological literacy should look like. The \$5 million Tech Workforce Training Fund will support innovative training and education solutions preparing New Yorkers for 21st Century jobs.

Portable Benefit Task Force

The same technology that is creating so many great jobs is also changing the workforce as we know it. This change means that millions of people – those who work as caregivers, independent drivers, programmers, and so on – don't have reliable access to things like medical and unemployment insurance or workers compensation.

The existing system for supporting workers is simply outdated. Portable benefits would bind things like retirement to each individual, instead of an employer like in the traditional labor market. And the Portable Benefit Task Force will investigate these issues and make recommendations to make sure all workers, regardless of their industry, have affordable access to benefits.

Closing the Gender Pay Gap

The gender pay gap is simply unacceptable. So we are going to continue to lead the nation, studying how to close the gender wage gap. One estimate predicted that closing the gender pay gap would add an additional \$4.3 trillion to U.S. GDP by 2025, not including the effects this would have on reducing the cost of social safety net programs and the improvements to family life, economic output and overall productivity.

Conclusion

This is a time of great uncertainty, yes, but New York has weathered uncertainty before. And our mission is clear. No matter what happens on the federal level, we will maintain our high level of service. We are going to make sure all workers are protected. If you lost your job, you will still get unemployment insurance benefits. And if you are looking for a job, we're still going to have the resources to find it.

With your help, the Department of Labor can continue its legacy of leadership, the pride of this great state. Thank you.