

VERMONT DEPARTMENT OF LABOR (VDOL)
FY '17 BUDGET SUBMISSION

Vermont Department of Labor (VDOL) Mission & Goals:

The Vermont Department of Labor's mission is to promote and assist the economic growth and vitality of Vermont employers; to help Vermont businesses retain, create and attract new jobs; to ensure that every Vermonter can have a good-paying, secure job in a safe and healthy work environment; to train Vermonters to be a skilled and ready workforce to meet the challenges of the 21st century workplace and employers' hiring needs; to administer economic support, retraining and reemployment assistance to Vermonters who experience loss of their job or a workplace injury; and to provide vital and timely labor market information and analysis to the public, employers, workers, job seekers, lawmakers, researchers and planners to assist with strategic and successful decision making. As part of the Department's strategic initiatives, our goals include:

- Enable workers to achieve well-paying, secure jobs; and engage in continued learning opportunities that will give them the knowledge and skills for jobs in emerging and growing industries in Vermont.
- Promote programs, policies, information and legislation that support economic growth and competitive advantage for Vermont businesses and job creation in Vermont.
- Promote and enforce policies and laws to ensure that Vermont's workplaces are safe, healthy and respectful.
- Provide program and economic support to Vermonters who are unemployed or seeking new career options, with a focus on populations who face greater employment barriers.

VDOL Divisions and Programs

The Department of Labor is an independent department in State government, with the Commissioner a direct report to the Governor. VDOL has 243 authorized Permanent positions, 13 exempt positions, and 37 Limited Service positions that are directly tied to competitive grants that VDOL has won. The Department is approximately 92% funded by federal, special and inter-department funds (USDOL 80%, Special 8%, inter-departmental 4%), and 8% State General Fund.

VDOL's main office is on Green Mountain Drive in Montpelier. VDOL also has a UI Claims Center in Montpelier, and 12 regional offices/Career Resource Centers funded through federal money (primarily Wagner Peyser and Workforce Innovation and Opportunity Act). VDOL staff from other programs (VOSHA, Project Work-SAFE, Workers' Comp and Unemployment Insurance) may also be assigned to work from our regional offices.

VDOL consists of the following divisions/organizational units:

- ◆ Unemployment Insurance and Wages & Employment Practices
- ◆ Workforce Development, including 12 regional Career Resource Centers
- ◆ Worker's Compensation
- ◆ VDOL Safety Division: VOSHA and Project Work-SAFE
- ◆ Economic and Labor Market Information
- ◆ Legal, Fiscal, IT and Administrative Services

VDOL has statutory authority/responsibility for these Councils and Boards:

- ◆ State Workforce Investment Board (federally-required SWDB)
- ◆ Vermont Employment Security Board (2 public members + VDOL Commissioner)
- ◆ State Apprenticeship Council
- ◆ Passenger Tramway Board
- ◆ Labor Board Review Panel
- ◆ Governor's Misclassification Taskforce
- ◆ Labor Advisory Council

Overview of VDOL Programs

Unemployment Insurance and Wages Division

The Unemployment Insurance (UI) and Wages Division processes claims for unemployment compensation, oversees employer tax contributions, ensures UI program performance, integrity and compliance, and provides guidance and enforcement in wage and hour and employment practices issues.

The Employer Services Unit and Unemployment Claims Center handle employer and claimant unemployment insurance issues, and investigate fraud and misclassification. The Benefit Accuracy Measure and Tax Performance System programs test methods and procedures to ensure compliance with federal performance measures. The Program Integrity Unit audits paid unemployment benefits to detect and resolve improper payments stemming from unreported employment, which then allows credit adjustments to the taxable employer.

The UI Division is also responsible for administering the Employer Health Care Contributions, Domestic and Sexual Violence Transition UI Benefits, and Employee Leasing programs.

VDOL's UI Trust Fund balance is \$220.6M. Vermont has no federal loan balance.

The Wage and Hour and Employment Practices program handles a significant number of calls from employers and workers. Most of the calls are asking for an explanation of Vermont's labor and employment laws. W&H also produces informational materials. When an inquiry or complaint may present a possible violation of state or federal law, the staff intake the complaint, conduct a review and adjudicate if the issue falls within VDOL jurisdiction; if not, it would be referred to the agency where enforcement authority exists. The legislature has passed workplace protections that have steadily increased the unit's workload. The program is supported with state General Funds and some UI funding.

VDOL has again received a federal grant for our successful Reemployment Eligibility Assessment (REA) program (now renamed to RESEA). The program is premised on the idea that early intervention with a person who has become unemployed will lessen their duration on unemployment. In addition, requiring the person to connect, face-to-face with VDOL reemployment caseworkers/job counselors and labor-market specialists will help identify available jobs, as well as possible employment barriers. VDOL staff members are able to enroll Vermonters in programs that will prepare them for jobs and/or connect them to the job openings. The RESEA program serves all unemployed Vermonters within the first five weeks of their unemployment, with a minimum of 3 personal skill assessment and job counseling sessions. The RESEA program has decreased the duration of claimant time on UI by roughly 15%.

VDOL is in the second-stage of our UI Modernization work, funded by a federal grant. Several months ago, Vermont severed our consortium work with Maryland and West Virginia, and we are now working with Idaho and Iowa for a new benefits and tax system. Idaho has developed and is running a full system. We hope that we can utilize their programming expertise to redesign Vermont's aged system. We are working under the guidance of DII and the Attorney General's Office on this project. The UI systems were designed and implemented over 25 years ago. The technology constraints of our system make required federal and state changes extremely challenging.

Economic and Labor Market Information Division (LMI)

The Economic and Labor Market Information Division has a staff of 12 employees and is 100% federally funded. LMI is a State partner to the federal government's US Bureau of Labor Statistics (BLS) which provides nearly 70% of the division's overall funding. The balance of the LMI budget (~ 30%) comes from the US Department of Labor's Employment and Training Administration (ETA). VDOL's LMI Director serves as an economic consultant to Vermont state agencies, the State Workforce Development

Board, and many outside public and private entities on key workforce and economic issue and initiatives. LMI produces a wide variety of Vermont related reports and data about:

- Employment by industry
- Unemployment and labor force statistics
- Wage data by occupation
- Occupational Projections

USDOL provides some funding to LMI that allows for some “expanded” research on projects such as:

- Long-term (10 year) and short-term (2 year) occupational projections
- Monitor and forecast UI Trust Fund solvency
- Collect data and analyze Employer-provided fringe benefits
- Promote and maintain LMI data for public use: www.vtlmi.info
- Perform analyses, support special studies relating to public policy such as:
 - ◆ Healthcare workforce study groups;
 - ◆ Wage analyses of publicly-funded training
 - ◆ Development of technical parameters related to hiring incentives
 - ◆ Minimum Wage determinations
 - ◆ Prevailing Wage determinations
- Public outreach: The importance of LMI’s public outreach (including our LMI internship program) has been a priority during this year. Through ETA funding, LMI is able to outreach and travel for presentations Vermont businesses and trade associations, regional workforce development groups, high schools and universities, workforce education and training partners, state agencies, the legislature, non-profit organizations, and to the general public.

Workers’ Compensation and Safety Division

The Workers’ Compensation Program administers and adjudicates the statewide WC system. A worker who suffers a work-related injury can receive medical and wage compensation from the employer or the employer’s insurance carrier. The WC staff members provide audits, dispute resolution, mediation, adjudication and compliance reviews. The Division’s investigators pursue fraud and misclassification and issue stop work orders and administrative penalties to enforce compliance with the law.

The Vermont Department of Labor does not set Workers’ Compensation insurance rates; the rate is set by the Department of Financial Regulations.

The Division offers services focused on workplace safety and resolving disputes between injured workers and their employers. The Workers’ Comp and Safety Division’s goals and strategies are to:

- Reach out to the medical community, business and labor organizations, health and safety associations, insurers and others to reduce injuries, identify trends and best practices
- Reduce injuries and shorten time before a return to work
- Make safety a priority for all Vermont employers
- Lower workers’ compensation costs
- Determine which business sectors need the most safety focus
- Publicly acknowledge employers in Vermont who have successful workplace safety programs

VOSHA: Vermont has a state-based OSHA program. The VOSHA staff works to ensure that all persons are provided a safe and healthy workplace. VOSHA has jurisdiction over workplace safety and health, inspecting workplaces for violations of VOSHA standards, and issuing penalties for violations classified as serious and/or uncorrected after being formally advised by VOSHA of the violation. VOSHA Compliance Officers investigate serious workplace accidents and fatalities.

The program also recognizes businesses for their efforts in workplace safety through programs such as Green Mountain Voluntary Protection Program (VPP). Vermont Compliance Assistance Specialists work with trade associations and industry groups to help employers comply with the VOSHA standards. The 14 employees are funded by a 50-50 match of federal and state (general fund) dollars.

Project WorkSAFE provides voluntary consulting services to Vermont employers seeking to improve the health and safety condition of their workplace. WorkSAFE's 6 employees are funded with a combination of federal and state funds, (75% is federal money, and the remainder is a mix of State General Fund and funding from VDOL's Workers' Comp administrative fund). Federal OSHA grant requirements have a target of 200 visits to the private sector for on-site safety and health consultations and review/development of safety and health programs. Responsibilities also include: developing and providing safety and health trainings to Vermont companies on new OSHA regulations and other topics; emergency response consultation and assistance with radiological and biological issues, (with the Vermont Departments of Health and Public Safety; maintaining and increasing the amount of Vermont companies in the Safety and Health Achievement Recognition Program (SHARP); and developing recommendations for the Governors' Workplace Safety Awards.

The Passenger Tramway Program has three employees who inspect the construction or modification of ski new lifts; inspect the operation and maintenance of ski tows, lifts and trams, and monitor for compliance with State regulations. There are approximately 250 injuries annually related to ski lifts. Vermont ski areas pay the program costs "fee due state" - annually set by the Board.

State Workforce Investment Board*

The State Workforce Investment Board (SWIB) is designated as the single State Workforce Investment Board under the federal Workforce Innovation and Opportunity Act, and under Vermont statute, 10 VSA 541. The Department of Labor oversees and provides the administrative support to the Board. The work of the Board is performed with assistance from VDOL staff liaison. The current chairperson of the Board is Frank Cioffi of GBIC. By law, the Council's membership must represent a business majority to help ensure that the workforce development efforts are consistent with business needs. The Board advises the Governor on how to best develop and implement a comprehensive, flexible and responsive workforce education and training system, and program funding (state and federal funds).

(*now required by USDOL to be called State Workforce Development Board)

Workforce Development Division

The VDOL Workforce Development Division provides employment services, training assistance, and job counseling, recruitment and placement assistance to businesses and workers (federally funded).

The *Workforce Innovation and Opportunity Act* (WIOA) has three separate Programs:

- The WIOA Youth programs focus on serving "at-risk" youth. WIOA regulations require funding priority (75%) to out-of-school youth (16-24), with the option of serving in-school youth most at risk of dropping out.
- The WIOA Adult program focuses on individuals receiving public assistance and low-income individuals, who sometimes have limited or no work experience, who need to become job-ready and successfully enter and connect to the labor force.
- The WIOA Dislocated Worker program offers workers who have lost their jobs through no fault of their own, due to a layoff or business closing, the resources necessary to become re-employed, including job counseling, training and placement assistance. VDOL's Rapid Response program helps employers avoid layoffs, and, in the event of a layoff, helps the workers who are being displaced.

The *Wagner-Peyser Program* offers job search resources, training and job placement assistance to customers through the VDOL's network of 12 local Career Resource Centers, as well as through an online job matching system (Vermont Job Link). The services at the centers are federally-funded.

The *Trade Adjustment Assistance (TAA)* is a federal program which provides benefits and services to workers who become unemployed due to the impact of international trade. The TAA program provides trade-affected workers with paid training and/or education, wage supplement assistance, and tremendous support to obtain the skills, resources, and support they need to become reemployed.

The *Labor Certification Programs* oversees employers who are seeking to bring foreign workers into Vermont, to ensure that employers seek U.S. workers before issuing a certificate to bring foreign workers into Vermont. Two major components are Agricultural and Non-Agricultural Certification.

The *Veterans Program*: VDOL receives funding (JVSG grant) to support the salaries of our Local Veterans Employment Reps (LVER) and Disabled Veterans Outreach Program Reps (DVOP), stationed in several of our local Career Resource Centers. LVERs have responsibility for meeting with Vermont employers to solicit job opportunities for veterans. DVOPs provide direct services to disabled and veterans and spouses with significant employment barriers. VDOL works closely with veterans' organizations.

VDOL has received several competitive grants through USDOL:

- ◆ National Emergency (NEG) "Job Driven" grant totaling \$1.5M for employment assistance to long-term unemployed Vermonters and dislocated Vermont workers.
- ◆ USDOL Sector Partnership grant: \$2,295,011 training unemployed or under-employed Vermonters for guaranteed jobs with Vermont employers.
- ◆ USDOL Apprenticeship grant: \$2,999,931 for apprenticeship jobs with Vermont employers
- ◆ RESEA - \$1,069,000 for skill assessment and job counseling and placement for unemployed Vermonters
- ◆ USDA SNAP grant - in conjunction with Vermont ESD, VDOL has 5 job counselors helping the TANF population with employment counseling and placement
- ◆ Mine Safety - for mine and construction safety training

The *Next Generation Fund* continues to fund a variety of programs that promote the creation and retention of high quality jobs, and the growth of a highly skilled workforce by funding occupational skills training, internships for secondary and post-secondary students, and other specialized training activities that lead to employment with new and existing businesses. The portion of Next Gen that is allocated to VDOL is the *Workforce Education and Training Fund (WETF)*, approximately \$1M annually, to support our workforce training, internship programs, regional workforce initiatives, adult technical education centers, and other job-driven training programs.

State-funded programs in VDOL's Workforce Development Division:

- *Registered Apprenticeship Program* continues to be one of VDOL's most effective workforce training models. The combination of technical classroom instruction and paid, hands-on training under a qualified employer sponsor, ensures that training is relevant, current, and directly tied to employment. Apprenticeship is supported by a combination of state general funds and special funds that consist of employer-paid tuition for classroom instruction.
- The *ABAWD Program*: VDOL receives funding from the Department for Children and Families (ESD) to work with the "Able-Bodied Adults without Dependents" population (receiving Food Stamps). VDOL provides staff, statewide, through our 12 regional offices.

CHALLENGES for the VDOL, and for the Vermont Employer and Workforce Communities

- Uncertainty of federal dollars. At this time, we are most concerned about changes that might adversely impact Workforce Development Division and the regional offices.
- Competition for job creation from larger states with greater financial resources to attract and subsidize new businesses and jobs to their state.
- Need for job-specific training to address hiring needs of Vermont employers.
- Restrictions on new positions despite workload needs. VDOL has managed since 2011 solely through reassigning vacancies. VDOL should have authorization to manage to our budget.
- VDOL's aged computer infrastructure.
- Global and national issues that continue to affect the economy and labor market.

- Value of take-home pay.
- Impact of wage disparity, discrimination and barriers to employment.
- Structural shifts in the economy (globalization, outsourcing, temporary/contract and franchise labor) that are resulting in new vulnerabilities for Vermont workers.
- Declining rate of union work with correlating decline in wage and benefit rates among workers in Vermont and in the nation.
- Decline in college degree completion and rising student debt load.

FUNDING TARGETS and VDOL BUDGET PRESSURES in FY'17

The greatest challenge for the Department of Labor continues to be the uncertainty of our federal funding, as Congress debates their commitment to funding programs in workforce training, unemployment administration, Wagner-Peyser, Trade Adjustment, and substantial changes in Workforce Innovation and Opportunity Act (WIOA). Any loss of funding in federal money in this fiscal year, or future years, will critically undermine VDOL program services and the continued existence of our twelve regional offices. Loss of WIOA or WP funding would likely result in elimination of positions and reducing or closing regional offices. VDOL is always concerned about our federal funding stream for the WD Division, as these programs are often at the center of congressional debate and budget wrangling.

Executive Fee Bill

VDOL's Workers' Compensation and Safety Division receives funding from fees generated by a charge to insurance companies writing Workers' Comp policies in Vermont. VDOL is not seeking a rate increase from the current rate which is set at 1.45% rate (and 1% rate on self-insured employers).