

**Testimony of Laura A. Fortman, Commissioner
Maine Department of Labor**

Regarding L.D. 221

**"An Act Making Unified Appropriations and Allocations
for the Expenditures of State Government, General Fund and Other Funds and Changing
Certain Provisions of the Law Necessary to the Proper Operations of State Government
for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023"**

February 25, 2021

Good afternoon, Senator Breen, Senator Rafferty, Representative Pierce, Representative Sylvester, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Labor and Housing. My name is Laura Fortman, and I am the Commissioner of the Maine Department of Labor. I appreciate the opportunity to present to you the 2022-23 biennial budget for the Department of Labor.

As Governor Mills said, at a time when Maine people are hurting, when small businesses are struggling to keep their doors open, when the ranks of the unemployed have swelled, and when we are fighting a deadly virus all around us, we are proposing balanced budgets, as required by the Constitution, that continue efficiencies, good fiscal management and curtailments to cover projected revenue shortfalls for all three fiscal years. They focus on combatting the COVID-19 pandemic by continuing to rebuild the State's public health infrastructure and protecting essential health care, education, and life-saving services. They do not change Maine tax rates and they maintain the Budget Stabilization Fund. With a future made unpredictable due to the ongoing pandemic, these budgets make good on the promise of government, which is to protect and support the wellbeing of our people and institutions.

My staff and I have witnessed firsthand over the last 49 weeks the impact that COVID-19 has had on Maine people. The ranks of the unemployed did indeed swell – from 634 in one week to over 75,000 in the first three weeks of the pandemic. In 2019, the Department paid unemployment

benefits to about 34,000 people. In 2020, that number increased to over 165,000 – more than the three years of the Great Recession combined.

In March 2020, the Department did not have the resources to respond to such a dramatic and rapid increase in the number of people needing our help. Last February, I was here testifying about the Department's supplemental budget request. At that time, we had enough federal funding to operate the unemployment program for 2/3 of the year. The access to one-time UI Modernization funds and the approval of the Unemployment Program Administrative Fund closed that gap. Thank you for supporting the Department request last year. It will have a positive impact on our ability to serve Maine people and businesses in the long-term.

This February, I am testifying about the Department's biennial budget proposal. This time the budget is largely devoted to continuing efforts to respond to the COVID-19 pandemic.

Much of what I am about to describe involves changes to the Personal Services line category. There are several initiatives that continue limited period positions and adjust the funding composition of others. To simplify, a chart that summarizes these changes is included at the end of my testimony.

I would like to break from the agenda slightly. I'd like to start on page A-366 of the budget document with the **Employment Security Services** program, otherwise known as the unemployment program. The baseline budget for the unemployment program consists of 159.5 positions and totals about \$31 million for operations of the program. An additional \$174 million is provided for benefit payments from the state unemployment trust fund.

The first four initiatives in this program would continue, through June of 2023, 145 limited-period positions that have been established by financial order. These positions include Eligibility Agents, Claims Adjudicators, and Fraud Investigators. These positions are crucial to ensuring that the Department can continue to process these critical benefits to eligible out-of-work Maine people. At the same time, the Department must remain diligent about program integrity and limit the impact of unemployment identity fraud.

In addition to the continuation of these 145 limited-period positions, the second initiative on page A-367 establishes five new limited-period Accounting Associate II positions and one new limited-period Business Systems Manager position, each through June 2023.

Combined, these initiatives total 151 limited-period positions. These positions will help provide unemployment benefits to unemployed workers and assist Maine businesses with their unemployment accounts. I am not yet asking for these positions to be made permanent. I know that some of these positions will be needed long-term. Over the next year, I will be working with my team to identify a realistic staffing level that allows for flexibility in response to changes in the economy while being fiscally responsible.

The next initiative in the middle of page A-367 establishes one Public Service Manager and two Public Service Coordinator positions. The Public Service Manager position will fill the role of a second Deputy Bureau Director. The additional oversight provided by this position will help the Department respond to the needs of unemployed workers. The Public Service Coordinator positions will enhance the Department's ability to optimize federal supplemental budget opportunities that can be used to improve services, and to analyze data and implement policy and procedure changes to better serve both workers and businesses.

The next initiative funds the reclassification of a vacant Labor Program Specialist position to the Business Systems Manager classification. The new classification will better support the Department's efforts to continuously improve unemployment processes and systems.

The next initiative on page A-367 increases the Other Special Revenue Fund by \$7 million to allow for expenditures in the Unemployment Program Administrative Fund. The Administrative Fund was established in statute last session to address the funding shortfall in the unemployment program. Funds will be used for staffing and other operational expenses of the program. The contributions for the fund begin this calendar year. The first deposits are expected at the end of April.

Contributions to the Fund reduce an employer's required contribution to the unemployment trust fund. Therefore, the Fund is cost-neutral – there is no additional cost to employers for funding the unemployment administrative fund.

I again thank the Committees for your support of this funding for the unemployment program.

The last initiative for the unemployment program is to increase the All Other allocation in the trust fund by \$76 million. This initiative would increase the annual allocation to the trust fund to \$250 million. This increase will provide sufficient allocation for projected benefit payments in the coming year.

I will pause here to address any questions you may have on the biennial budget for the unemployment program.

Moving back to page A-361, you'll see that the total proposed appropriations and allocations for the Department of Labor. The General Fund contributes just under \$11.5 million each year to the services that the Department provides. This equates to about 9% of the Department's operations. The majority of funding comes from the federal government.

Moving to page A-362, the next program is the **Administration – Bureau of Labor Standards** Program. This Program includes partial funding for the bureau leadership. It also includes partial funding for data analysis that helps improve the health and safety of Maine's workplaces. The Other Special Revenue Fund in this Program is the Wage Assurance Fund. This fund pays up to two weeks' wages to workers if their employer has gone out of business and does not have the funds to pay the final wages owed. There are no new initiatives in this Program.

The next program is **Administration – Labor**, which provides funding for the administrative operations of the Department. This includes the Commissioner's Office staff, as well as facilities management, cybersecurity and business continuity planning, internet and social media management. Also included here is funding for the staff who answer the Department's general information telephone and email, and for the Department's finance and human resources services provided by the Department of Administrative and Financial Services.

The administrative costs in this program are funded through a federally approved indirect cost rate. This means that each fund and each program contributes a proportional amount to the department-wide administrative costs.

The Department's federal funding is counter-cyclical. When the economy is booming, our federal funding is low. When the economy declines, the need for our programs increases and so does our federal funding. As our federal funding increased to help people during the pandemic, the federal programs proportion of administrative costs also increases. Therefore, the federal programs will pick up a larger percentage of the administrative costs. This shift to a larger proportion of federal dollars results in a smaller contribution by the General Fund. Therefore, the Department proposes shifting some of the cost for our finance and human resources services from the General Fund to the Other Special Revenue Fund. This initiative can be seen in the middle of page A-363.

Moving to page A-364, you will find the budget for the **Blind and Visually Impaired Division**, or DBVI. DBVI provides vocational rehabilitation, education, and independent living services to people who have lost part or all of their vision. This Program provides necessary supports, adaptive aids and devices, and specific blindness skills training to assist adults in obtaining their career goals. In addition, DBVI services help children to fully participate in the classroom and assist older individuals with living independently and fully participating in their communities.

There are two initiatives in DBVI. The first provides a \$5,000 increase in the Other Special Revenue account to expand services to children who are blind. The additional funding is provided through an agreement with the Department of Education.

The second initiative shifts costs for one position between the General and Federal Fund and offsets the change in the All Other line. There is no net impact to either the General Fund or the Federal Fund. However, the change is needed so that the work that is performed by the position is paid for by the appropriate funding source and is consistent with the other positions in the same classification.

The **Employment Services Activity** program begins on page A-369. This program invests in services for people who need assistance with the pursuit of their employment goals. Staff in the CareerCenter and in our partner agencies help people identify and pursue their employment goals. This includes the development of training and job search plans and support to turn those plans into actions.

The path looks different for each individual. Some may find that an apprenticeship will work for them, while others may seek a certification or a degree. Others may find that they have the skills they need but are having trouble finding the right job. Sometimes they may need help with resume and interview preparation. Maine's CareerCenters and affiliated One-Stop Centers can help with each of these options.

There are three initiatives in the Employment Services Activity program. The first increases the Federal allocation by \$1,474,698 in the first year of the biennium. This initiative will provide for the expenditures against a USDOL Dislocated Worker Grant that the Department received. The grant provides funding to hire COVID-19 peer support workers. These peer support workers connect with and assist workers impacted by COVID-19 and struggling to return to the workforce. Services are focused on affected workers having the greatest difficulty with accessing resources including those with limited English proficiency, limited computer literacy, or lack of access to technology; older workers; low income workers; those laid off from Maine's most affected sectors, and others identified as most in need. Peer support workers assess immediate needs and provide one-on-one assistance with applying for basic assistance programs (food, housing, clothing, health) and connection to employment and training services. This grant currently provides funding through June 2022.

The second initiative reallocates the funding for 66 positions between the different funds and between the different grants within the Federal fund. This reallocation is made periodically as the composition and level of funding shifts within the Employment Services programs. This change will help ensure that positions are charged to the appropriate funding source for the work performed and will not impact how services are delivered.

The final initiative in this program transfers one position from the Employment Services bureau to the Labor Standards bureau. The corresponding initiatives can be found on pages A-373 and A-377. The Director of Labor Outreach and Education serves as the State Monitor Advocate, which is a federally required position. In this role, the position is responsible for ensuring that migrant and seasonal farmworkers are treated fairly in areas such as wages and housing, and that their work is safe. The State Monitor Advocate also works closely with migrant and seasonal

farmworkers to ensure that they have information on available services, such as career services and health care. This work is more closely aligned with the Bureau of Labor Standards and I want to leverage all available resources to help ensure fair and safe workplaces across the State. The day-to-day work of the position has already been reassigned to the Bureau of Labor Standards; the transfer of the position in the budget is the final step in that reassignment.

The next Program is the **Labor Relations Board**, the budget for which can be found on page A-371. The Maine Labor Relations Board works to foster the relationship between public employers and their employees. The Board protects the rights and enforces the responsibilities established in Maine statute for our public-sector employers. Employers include those in each branch of State government, in our county and municipal governments, the University and Community College Systems and at the Maine Maritime Academy. There are no proposed changes to the Labor Relations Board.

Moving to page A-372, you'll find the budget for the Permanent Commission on **Racial, Indigenous and Maine Tribal Populations**. The Commission was established in 2019. Even though the Commission appears in the Department's budget, it is an independent entity. The Department provides minor administrative support. The Commission's mission is to examine racial disparities across all systems and to specifically work at improving the status and outcomes for historically disadvantaged populations. When established, a placeholder allocation of \$500 was set. Since its inception, the Commission has been raising funds to begin its work. As such, an increased Other Special Revenue allocation is needed to carry out the work. The initiative before you would increase the Commission's allocation by \$50,000 in each fiscal year. It is my understanding that separate legislation is being drafted to address the important functions of this Commission.

Moving to page A-373, you'll see the **Regulation and Enforcement** Program, which falls within the Bureau of Labor Standards. This Program provides funds to help ensure that Maine workers are treated fairly on the job and paid appropriately for their work. The General Fund account provides for the enforcement of Maine's labor laws. These include minimum wage, overtime,

prevailing wage, employment of minors, and public-sector safety and health. The Federal account provides for occupational safety and health consultations with private-sector employers.

There are two initiatives within this program. The first shifts the cost of two occupational safety and health positions between the General Fund and the Federal Fund in order to continue to provide services within available resources. Federal funding for this work can support the increased share of the positions without detrimentally impacting services.

The next initiative is the second part of the transfer of the Director of Labor Outreach & Education from the Employment Services bureau. 60% of the position will now be funded through Federal grants in the Regulation and Enforcement account.

The **Rehabilitation Services** Program is next on the agenda, and its budget can be found beginning on page A-375. This Program helps Maine people with physical, mental and emotional disabilities obtain and maintain successful careers. It also partners with other agencies to provide services to those with more significant disabilities so that they can live more independently in their homes and communities. The Rehabilitation Services Program also contains the Division for the Deaf, Hard of Hearing and Late-Deafened. The Division provides information and referrals and advocates for people who have hearing loss.

There are three initiatives within this program. The first provides funding for the reclassification of an Office Assistant II to the Office Associate II classification. This reclassification is retroactive, so the funding in the first year of the biennium is higher than the ongoing cost that is represented in the second year. The All Other line is reduced by a like amount in order to keep the budget within available resources.

The second initiative reclassifies two vacant Office Associate II positions to the Rehabilitation Counselor I classification. The reclassification will increase the number of positions that provide direct vocational rehabilitation services. This results in an increased Personal Services cost of just over \$11,000 in each fiscal year. The Federal All Other line is decreased in both years to offset the increase.

The third initiative provides one-time funding for the continuation of the Transition Work-Based Learning federal grant through September 2021. This is the end of a five-year grant that the Department received from the U.S. Department of Education's Rehabilitation Services Administration. With this pilot program, staff within the Division of Vocational Rehabilitation have been working closely with Maine employers to determine best practices for students transitioning from school to employment as adults. This has allowed young people with disabilities to participate in work-based learning and to engage fully in Maine's workforce. The Division has already begun to implement learnings from this project on a statewide basis and expects to continue these efforts with existing positions after the grant funding ends. The initiative continues four positions and provides All Other allocation for contracts with our grant partners.

Moving to page A-377, you'll find the **Safety Education and Training Program**, which is operated through the Bureau of Labor Standards. Through this Program, the Department helps to ensure Maine's workplaces are safe and healthy ones. Staff typically visit workplaces across the State, advising employers on ways to improve safety and protect the health of the people who work there. During the pandemic, staff have continued to provide consultations virtually. In addition, the Department operates a training lab in Augusta and periodically in other locations across the State. Classes at the lab include the OSHA 10-hour course, ladder and height safety, silica awareness, wage and hour compliance, and impairment detection. The full class schedule can be found on the Department's website or by searching online for Maine SafetyWorks.

There are two initiatives in this program. The first is the third component of the transfer of the Director of Labor Outreach & Education from the Employment Services bureau. 40% of the position is funded through this program.

The second initiative provides funding for the reclassification of a Consumer Assistance Specialist to the Labor & Safety Inspector classification. The new classification better reflects the work being performed and the needs of the program.

The **State Workforce Board** Program can be found on page A-378. The Board is responsible for assisting the Governor in performing the duties and responsibilities required by the federal

Workforce Innovation and Opportunity Act, or WIOA. The members represent the many facets of workforce development - business, labor, public education, higher education, economic development, youth activities, employment and training, as well as the Legislature. By federal requirement, the Board must be comprised of at least 50% employers. The budget is funded entirely through the federal WIOA grant. There are no new initiatives in this program.

The final program is the **Workforce Research** Program, which begins on page A-379. The Center for Workforce Research and Information compiles and analyzes data affecting Maine's labor market. The Center provides information on high-wage high-demand jobs, income and wages, workforce demographics, and the unemployment rate. Information is used by state and local policymakers, employers, educators, trainers, and the public to make decisions that improve job and economic opportunities across the State.

There are three initiatives within the Workforce Research program. Each initiative shifts the cost of positions between the General and Federal Funds in order to help maintain services within available resources. The net impact is a reduction in the General Fund of \$30,551 in the first year and a reduction of \$115,338 in the second year of the biennium.

This concludes my testimony for this afternoon's hearing. I would be happy to address any questions you may have.

Department of Labor - 2022-2023 Biennial Budget - Proposed Part A Personal Services Changes

Page#	Description	General Fund		Federal Expenditures Fund		Other Funds		Total, All Funds	
		FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23
Bureau of Employment Services									
A-370	Reallocates 66 positions	(15,982)	(16,324)	709,888	724,360	(693,905)	(708,037)	1	(1)
A-370	Transfer Director-Labor Outreach	-	-	(108,408)	(108,977)	-	-	(108,408)	(108,977)
Bureau of Labor Standards									
A-373	Reallocates 2 Occupational Health & Safety positions	(95,429)	(97,911)	95,429	97,911	-	-	-	-
A-373; A-377	Transfer Director-Labor Outreach	-	-	65,044	65,386	43,364	43,591	108,408	108,977
A-377	Reclassification to Labor & Safety Inspector	-	-	-	-	15,351	15,348	15,351	15,348
Bureau of Rehabilitation Services									
A-364	Reallocates positions between funds	(1,900)	(208)	1,900	208	-	-	-	-
A-375	Reclassification to Office Associate II	-	-	13,725	7,135	-	-	13,725	7,135
A-375	Reclassification to Rehabilitation Counselor I	-	-	11,404	11,974	-	-	11,404	11,974
A-375	Continues 4 LPP to 9/2021	-	-	84,914	-	-	-	84,914	-
Bureau of Unemployment Compensation									
A-366	Continues 13 limited-period positions (LPP) to June 2023	-	-	974,662	959,257	-	-	974,662	959,257
A-366	Continues 2 LPP to June 2023	-	-	201,977	198,218	-	-	201,977	198,218
A-366	Continues 95 LPP to June 2023	-	-	7,649,970	7,498,114	-	-	7,649,970	7,498,114
A-367	Continues 35 LPP to June 2023	-	-	2,983,162	2,929,005	-	-	2,983,162	2,929,005
A-367	Establishes 6 LPP to June 2023	-	-	481,545	474,005	-	-	481,545	474,005
A-367	Establishes 1 PSM & 2 PSC	-	-	332,556	349,131	-	-	332,556	349,131
A-367	Position reclassification	-	-	12,043	12,893	-	-	12,043	12,893
Center for Workforce Research and Information									
A-379; A-380	Reallocates Sr Economic Research Analyst	9,023	(75,491)	(9,023)	75,491	-	-	-	-
A-379	Reallocates PSM	(39,574)	(39,847)	39,574	39,847	-	-	-	-
Department of Labor Total		(143,862)	(229,781)	13,540,362	13,333,958	(635,190)	(649,098)	12,761,310	12,455,079