

Executive Deputy Commissioner Mario J. Musolino
NYS Department of Labor
Budget Testimony
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Joint Hearing of the Legislative Fiscal Committee

Senator Young, Assembly Member Farrell, and distinguished members of the committees: My name is Mario Musolino and I am the Executive Deputy Commissioner of the New York State Department of Labor. Thank you for this opportunity to briefly highlight some of the areas and programs that the Department is involved in, starting with the minimum wage.

Minimum Wage

Governor Cuomo continues to work to improve the business climate and ensure New York's workers share in the benefits of our growing economy, including paid family leave and a livable minimum wage.

In 2013, Governor Cuomo successfully fought to raise the minimum wage from \$7.25 an hour to \$9.00 per hour over three years. That increase did not apply to tipped workers, so in 2014, the Governor directed the labor commissioner to empanel a wage board that resulted in an increase to their minimum hourly wage to \$7.50 an hour. In 2015, Governor Cuomo took up the fight for fast food workers, directing the creation of a new wage board that recommended that fast food workers be paid a \$15 minimum wage. Now, the Governor wants to enact a \$15 minimum wage for all New Yorkers, a proposal based on what it costs to live in New York State - one that will keep New York workers and their families out of poverty while increasing their spending power.

The benefits to the economy are clear. Our projections indicate that the proposed increase in the minimum wage outside New York City will generate \$9.2 billion annually in increased wages. In New York City, it will create \$6.5 billion annually in increased wages – for a total of \$15.7 billion in fuel for the state economy.

History shows that increasing the minimum wage has not caused job loss; on the contrary, in six of the last seven wage increases, it resulted in more jobs. Raising the minimum wage leads to lower worker turnover rates, higher productivity, and higher consumer spending, which makes up more than 70 percent of the economy. The end result is economic growth.

The Governor is proposing a phased in schedule that will see the minimum wage reach \$15 on December 31, 2018 in New York City, and on July 1, 2021 in the rest of the state. That will give businesses a full three to five years to prepare.

Enforcement Actions

Governor Cuomo's Exploited Worker Task is a multi-agency effort focused on uncovering mistreatment of workers in industries known to be prone to abuse. As part of Governor Cuomo's Exploited Workers Task Force – the Department of Labor, which has the second-largest investigations team in the country, helped launch more than 450 comprehensive

statewide investigations into multiple industries, including nail salons, farming, child care, and home health care. We've identified more than 2,700 violations, including theft of wages, failure to protect workers with mandatory workers' compensation coverage, and retaliation against workers who complain about violations of the law. The cases affect more than 2,000 workers in New York State.

The Department of Labor works to ensure workers in all industries are treated fairly and paid appropriately and on time, and we continue to be a national leader in returning money to workers who were not paid proper wages. In 2015, we distributed a record \$31.5 million to workers who were the victims of wage theft, an increase of 4.3% over the previous record of \$30.2 million disbursed in 2014.

The Department of Labor understands that evenhanded enforcement of the labor law rewards compliant employers, assists mistaken employers, and punishes bad actors. Our business owner trainings, outreach presentations, mediation programs, and self-audit programs are all part of our efforts to give businesses the information they need to understand and comply with labor laws.

Unemployment Insurance

The state's unemployment rate is currently 4.8% -- its lowest level since November 2007 -- and the unemployment rate is down by more than 3 percentage points in each of the 10 regions of the state since November 2010.

Two years ago the state's employers owed the Federal Unemployment Insurance Trust Fund \$3.5 billion. Because you acted on the Governor's reform proposal, we were able to eliminate that debt, saving employers an estimated \$200 million in interest costs—similar to paying off a car loan early—and the Trust Fund ended 2015 more than \$280 million in the black.

Workforce Development

The Department of Labor plays a major role in strengthening the economy by connecting job seekers to jobs and supporting businesses in hiring. We accomplish this through innovative programs, and by working with Empire State Development and the Regional Economic Development Councils to strategically focus on individual industries and provide assistance where and when it's needed.

We see business as a customer, and we want to keep our customers happy by providing the services they need to ensure New York's workforce is well-trained and accessible. In 2015, we held more than 110 career fairs and more than 1,600 customized recruitment events for individual companies, connecting employers with job-ready workers. These hiring events helped connect 5,900 businesses to 58,000 job seekers.

We also offer new technological solutions like virtual career fairs, Jobs Express, Career Zone, and the Employability Score, which allow job seekers to explore career openings, assess their employability, and connect with employers online, without leaving their home or office. In July, we announced partnerships with 100 chambers of commerce across the state -- reaching

50,000 businesses -- to promote our no-cost business support services. And during the last program year, our 96 Career Centers helped more than 260,000 people find a job.

Apprenticeship has long been known as a pathway to the middle class. Now the Governor wants to make sure that pathway is open and accessible to everyone. That's why he is proposing a first in the nation State Pre-Apprenticeship Program, that will leverage state contracts to ensure that youth in need get the skills they need, are exposed to a variety of trades, and can be connected with Registered Apprenticeship programs.

The Department of Labor also assists people who are facing barriers to employment, including individuals with disabilities, ex-offenders, and the long-term unemployed, ensuring they have all of the supports and services they need to prepare for employment.

The Governor's Unemployment Strikeforce, launched in 2014 to impact high unemployment in the Bronx, has so far engaged more than 10,000 Bronx residents and secured more than 7,300 job placements. A subsequent expansion to the ten areas in the state with the highest unemployment rates resulted in more than 38,000 new job placements. The lessons learned will be used when as we expand the Unemployment Strikeforce to Western New York to focus on the cities of Buffalo, Lackawanna, and Niagara Falls.

The Urban Youth Jobs Program provides tax incentives to businesses that hire unemployed, disadvantaged youth in 13 target areas around the state. This successful program has placed at-risk youth in more than 31,000 jobs with more than 1,500 businesses since 2012. Governor Cuomo is proposing to increase funding to \$50 million annually through 2017, including \$10 million to help eligible youth anywhere in the state.

The Governor's Work for Success initiative connects inmates and parolees with our Career Centers. From the program's inception in March 2013 through December 2015, services have been provided to more than 18,000 job seekers, with more than 10,000 hires by businesses.

These are just some of the highlights of the work done by our staff at the Department of Labor. All told, since the beginning of this administration, New York' economy has added nearly 770,000 private sector jobs and experienced employment growth in 52 of the past 60 months. In December 2015, New York State's private sector job count stood at more than 7.8-million, an all-time high.

Conclusion

As you can see, we are building on the success of the past five 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 ensure a ready workforce and boost hiring, and protecting workers and the public across our great state.

Thank you. I welcome your questions.