

## Department of Labor and Training

| Expenditures By Program         | FY2020<br>Actual | FY2021<br>Enacted | FY2021<br>Governor | Change from<br>Enacted |              | FY2022<br>Governor | Change from<br>Enacted |               |
|---------------------------------|------------------|-------------------|--------------------|------------------------|--------------|--------------------|------------------------|---------------|
| Central Management              | \$0.7            | \$0.9             | \$0.9              | \$0.0                  | 0.1%         | \$0.8              | (\$0.1)                | -8.0%         |
| Income Support                  | 1,674.2          | 1,606.0           | 2,330.4            | 724.4                  | 45.1%        | 589.7              | (1,016.3)              | -63.3%        |
| Injured Workers Services        | 9.3              | 12.0              | 12.0               | 0.0                    | 0.2%         | 11.2               | (0.8)                  | -6.6%         |
| Labor Relations Board           | 0.4              | 0.4               | 0.4                | 0.0                    | 0.2%         | 0.5                | 0.1                    | 26.3%         |
| Workforce Development Services  | 24.0             | 27.0              | 29.1               | 2.1                    | 7.8%         | 19.7               | (7.3)                  | -26.9%        |
| Governor's Workforce Board      | 21.5             | 63.0              | 55.3               | (7.7)                  | -12.2%       | 22.3               | (40.7)                 | -64.6%        |
| Workforce Regulation and Safety | 3.2              | 3.1               | 3.1                | 0.0                    | 0.3%         | 3.5                | 0.4                    | 14.0%         |
| <b>Total</b>                    | <b>\$1,733.3</b> | <b>\$1,712.3</b>  | <b>\$2,431.2</b>   | <b>\$718.8</b>         | <b>42.0%</b> | <b>\$647.7</b>     | <b>(\$1,064.6)</b>     | <b>-62.2%</b> |

| Expenditures By Source | FY2020<br>Actual | FY2021<br>Enacted | FY2021<br>Governor | Change from<br>Enacted |              | FY2022<br>Governor | Change from<br>Enacted |               |
|------------------------|------------------|-------------------|--------------------|------------------------|--------------|--------------------|------------------------|---------------|
| General Revenue        | \$14.0           | \$14.1            | \$14.1             | \$0.0                  | 0.1%         | \$17.7             | \$3.6                  | 25.7%         |
| Federal Funds          | 1,052.9          | 1,044.6           | 1,763.5            | 718.9                  | 68.8%        | 113.5              | (931.2)                | -89.1%        |
| Restricted Receipts    | 28.5             | 26.3              | 26.7               | 0.4                    | 1.5%         | 29.1               | 2.7                    | 10.3%         |
| Other Funds            | 637.9            | 627.3             | 626.8              | (0.4)                  | -0.1%        | 487.5              | (139.8)                | -22.3%        |
| <b>Total</b>           | <b>\$1,733.3</b> | <b>\$1,712.3</b>  | <b>\$2,431.2</b>   | <b>\$718.8</b>         | <b>42.0%</b> | <b>\$647.7</b>     | <b>(\$1,064.6)</b>     | <b>-62.2%</b> |

Authorized FTE Levels 390.7 425.7 425.7 - - 462.7 37.0 8.7%  
*\$ in millions. Totals may vary due to rounding.*

The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Income Support, Injured Workers Services, the Labor Relations Board, Workforce Development Services and Workforce Regulation and Safety.

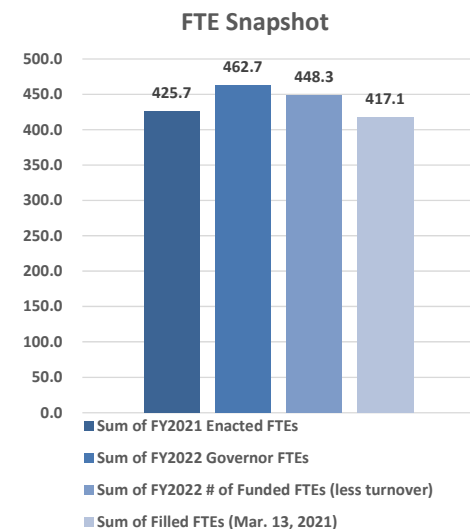
### MAJOR ISSUES AND TRENDS

The Budget includes \$647.7 million in total expenditures for FY2022, including \$17.7 million in general revenue, an increase of \$3.6 million over the FY2021 enacted level.

The \$3.6 million increase in general revenue is mainly related to an additional \$3.0 million in funding within the Governor's Workforce Board for the Real Jobs RI program. The increase in restricted receipts is mostly associated with an additional \$2.2 million that will be used to support the Employer Tax Unit. The Budget includes the transfer of this Unit from the Department of Revenue to the Department of Labor and Training. The Budget also includes \$1.5 million in federal funds for this transfer.

The decrease in federal and other funds are related to funding that was provided to support unemployment insurance during the COVID-19 pandemic. The Department experienced additional demand for unemployment benefits resulting in the need for additional funding.

The Budget authorizes 462.7 positions in FY2022, an increase of 37.0 FTE positions from the FY2021 Enacted levels. This includes an additional 2.0 FTE investigatory positions within the Workplace Fraud Unit which enforces laws pertaining to the misclassification of employees, wage and hour issues, and the State's prevailing wage requirements for public works construction projects. The Budget



also includes an additional 35.0 FTE positions related to the transfer of the Employer Tax Unit from the Department of Revenue.

#### **CENTRAL MANAGEMENT**

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions. The Central Management program provides leadership, management, strategic planning, and control of departmental activities.

| <b>Central Management</b>            | <b>General Revenue</b> |
|--------------------------------------|------------------------|
| FY2021 Enacted                       | \$676,044              |
| <i>Targets and Other Adjustments</i> | <i>306</i>             |
| <b>FY2022 Governor</b>               | <b>\$676,350</b>       |

#### **GOVERNOR'S WORKFORCE BOARD**

The Governor's Workforce Board (GWB) was created by the General Assembly in 2011 to be the lead coordinator for all workforce development efforts in the State. The GWB manages partnerships with workforce partners to invest in impactful workforce development including:

- **Real Jobs Rhode Island (RJRI):** Created by the Governor in 2015, the RJRI program invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs.
- **Real Pathways RI:** The Real Pathways program supports partnerships between public, private, and nonprofit agencies, and focuses on populations with barriers to employments, such as veterans and homeless. The program also focuses on areas in the state with above average concentrations of poverty and unemployment.
- **Real Skills for Youth:** The Real Skills for Youth program was developed in 2018 and focuses on preparing youth for success in college and careers through career exposure, skill-building, and work-based learning.

Article 11 of the FY2019 Budget included an adjustment to the Job Development Assessment, for tax year 2019 only, allowing the Department to divert an amount, up to 75.0 percent of the Employment Security Fund's investment earnings for 2018, to the Job Development Fund (JDF). Since 1989 Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities. The JDA is collected with the State's payroll and unemployment insurance taxes.

The FY2019 adjustment holds both employers and employees harmless as it does not increase an employer's total unemployment tax liability but alters where the funds are deposited. For tax year 2019 only, less money was deposited into the Employment Security Trust Fund and more was directed towards the Job Development Fund.

The FY2021 Budget began including the Governor's Workforce Board as a separate program, rather than a subprogram under Workforce Development Services.

| <b>Governor's Workforce Board</b> | <b>General Revenue</b> |
|-----------------------------------|------------------------|
| FY2021 Enacted                    | \$5,450,000            |

|                                      |                    |
|--------------------------------------|--------------------|
| <i>Targets and Other Adjustments</i> | -                  |
| Real Jobs Rhode Island               | 3,000,000          |
| <b>FY2022 Governor</b>               | <b>\$8,450,000</b> |

| <b>Governor's Workforce Board</b> | <b>Other Funds</b> |
|-----------------------------------|--------------------|
| Back to Work RI (federal funds)   | (\$45,000,000)     |

### ***Real Jobs Rhode Island*** **\$3.0 million**

The Budget includes \$8.5 million in general revenues to support the Real Jobs Rhode Island (RJRI) program in FY2022, an increase of \$3.0 million above enacted levels. The additional funding will be used to support new partnerships across the state, allowing employers to have access to a trained and educated workforce that fits their needs. The program, now in its sixth year of operating, serves employers and participants by investing in sector-based intermediaries who serve as RJRI Partners, enabling employers to design and implement tailored initiatives to serve their industry.

As of March 2021, the RJRI program has created 43 partnerships and served 2,032 businesses within 16 different sectors. This has allowed the program to place over 5,500 new hires and upskill 6,600 incumbent workers. On average, 72.0 percent of workers who complete a training are hired upon completion with an average wage placement of \$33,766.

### ***Back to Work RI (federal funds)*** **(\$45.0 million)**

The FY2021 Budget as Enacted included \$45.0 million for the Back to Work RI program. The program partnered with employers to help Rhode Island residents who were impacted by COVID-19 secure employment. As of December 11, 2020, the Back to Work RI program has helped over 2,000 people secure new unemployment within 50 companies.

The Back to Work RI program leveraged existing RJRI platforms to provide a timely response in job training during the pandemic. Work done through this program will continue through the existing RJRI platform.

## **INCOME SUPPORT**

The Income Support program encompasses all functions and activities related to the Unemployment Insurance program, which provides temporary income support to workers who have lost employment through no fault of their own; Temporary Disability Insurance (TDI), which provides benefits to individuals who are unable to work due to non-work related illness or injury; and, the Police and Firefighters' Relief Funds, which provide financial compensation to police officers, firefighters, or their families for death or disabling injuries.

|                       |                        |
|-----------------------|------------------------|
| <b>Income Support</b> | <b>General Revenue</b> |
| FY2021 Enacted        | \$3,811,689            |

|   |                    |
|---|--------------------|
| <i>Targets and Other Adjustments</i>      | 1,478              |
| Police and Firefighters' Relief Fund      | (11,500)           |
| Unemployment Insurance Benefit Statistics | Informational      |
| <b>FY2022 Governor</b>                    | <b>\$3,801,667</b> |

|   |                    |
|---|--------------------|
| <b>Income Support</b>                                 | <b>Other Funds</b> |
| Unemployment Benefits (federal funds/other funds)     | (\$1,002,409,800)  |
| Employer Tax Unit (federal funds/restricted receipts) | \$3,745,387        |

***Police and Firefighters' Relief Fund*** ***(\$11,500)***

The Budget includes a decrease of \$11,500 in general revenue for Police and Firefighters' annuity and tuition benefits, reflecting a decline in the need of services. This reflects a decrease of \$20,000 in annuity benefits paid to the families of deceased or injured firefighters. This decrease is partially offset by an increase of \$8,500 in annuities and tuition benefits paid to the families of deceased police officers

|                                     | <b>FY2021</b>      | <b>FY2022</b>      |                   |
|-------------------------------------|--------------------|--------------------|-------------------|
| <b>Police Officers' Relief Fund</b> | <b>Enacted</b>     | <b>Governor</b>    | <b>Change</b>     |
| Police Officer Annuities            | \$700,000          | \$707,000          | \$7,000           |
| Tuition Benefits                    | 150,000            | 151,500            | 1,500             |
| Supplemental Pension                | -                  | -                  | -                 |
| <b>Total</b>                        | <b>\$850,000</b>   | <b>\$858,500</b>   | <b>\$8,500</b>    |
| <b>Firefighters' Relief Fund</b>    |                    |                    |                   |
| Firefighter Annuities               | \$2,520,000        | \$2,500,000        | (\$20,000)        |
| Tuition Benefits                    | 330,000            | 330,000            | -                 |
| Supplemental Pension                | -                  | -                  | -                 |
| <b>Total</b>                        | <b>\$2,850,000</b> | <b>\$2,830,000</b> | <b>(\$20,000)</b> |
| <b>Grand Total</b>                  | <b>\$3,700,000</b> | <b>\$3,688,500</b> | <b>(\$11,500)</b> |

Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year for as long as they remain unmarried, or if there is no spouse a total sum not exceeding \$10,000 is payable to the parent(s) of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to each widow or widower for each child of a deceased firefighter or police officer who is under the age of 18. Also under current law, children of deceased firefighters or police officers are eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. This tuition benefit is also available to any firefighter or police officer that is permanently disabled in the line of duty.

***Unemployment Insurance Benefit Statistics*** ***Informational***

Rhode Island currently ranks among the top 21 highest UI benefits paid nationally, and has the fourth highest average UI benefits paid in New England.

| 12 Months Ending 4th Quarter 2020<br>Average UI Benefits Paid |              |             |           |
|---|--------------|-------------|-----------|
| State   | Amount       | New England | National  |
| Massachusetts   | \$6,620      | 1           | 5         |
| Connecticut   | 6,254        | 2           | 6         |
| Vermont   | 4,838        | 3           | 19        |
| <b>Rhode Island</b>   | <b>4,324</b> | <b>4</b>    | <b>21</b> |
| Maine   | 4,216        | 5           | 26        |
| New Hampshire   | 2,603        | 6           | 44        |

Source: US Dept. of Labor/UI Data Summary

| As of July 1, 2020<br>Maximum Weekly UI Benefit |            |             |          |
|---|------------|-------------|----------|
| State   | Amount     | New England | National |
| Massachusetts                                   | \$823      | 1           | 2        |
| Connecticut                                     | 649        | 2           | 5        |
| <b>Rhode Island</b>                             | <b>599</b> | <b>3</b>    | <b>9</b> |
| Vermont   | 531        | 4           | 16       |
| Maine   | 462        | 5           | 25       |
| New Hampshire                                   | 427        | 6           | 35       |

Source: US Dept. of Labor

| 12 Months Ending 4th Quarter 2020<br>Average Weekly UI Benefits Paid |               |             |           |
|--|---------------|-------------|-----------|
| State  | Amount        | New England | National  |
| Massachusetts  | \$468.69      | 1           | 3         |
| <b>Rhode Island</b>  | <b>366.71</b> | <b>2</b>    | <b>19</b> |
| Vermont  | 360.29        | 3           | 20        |
| Connecticut  | 332.59        | 4           | 29        |
| Maine  | 312.02        | 5           | 32        |
| New Hampshire  | 281.71        | 6           | 39        |

Source: US Dept. of Labor/UI Data Summary

| As of July 1, 2020<br>Maximum Weekly UI Benefit with Dependents Allowance |            |             |          |
|---|------------|-------------|----------|
| State   | Rate       | New England | National |
| Massachusetts   | \$1,234    | 1           | 1        |
| <b>Rhode Island</b>   | <b>748</b> | <b>2</b>    | <b>3</b> |
| Connecticut   | 724        | 3           | 5        |
| Maine   | 693        | 4           | 7        |
| Vermont   | 531        | 5           | 21       |
| New Hampshire   | 427        | 6           | 35       |

\* No dependent's benefit provision

Source: US Dept. of Labor

### **Unemployment Benefits (federal funds/other funds)**

**(\$1,002.4 million)**

The FY2022 Budget includes \$70.0 million in federal funds and \$250.0 million in other funds for unemployment insurance benefits, this is a decrease of \$877.4 million in federal funds and \$125.0 million in other funds from the FY2021 Budget as Enacted. These additional funds were required in FY2021 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims.

The federal government also made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020 the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020 through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and has been extended through September 4, 2021, at a rate of \$300/week.

As of April 16, 2021, the Unemployment Insurance Trust Fund had a balance of \$125.4 million compared to \$524.3 million in March 2020 and the State has paid \$645.6 million in benefits out of the UI Trust fund and \$2.5 billion in benefits from federal unemployment insurance funds.

|                              | As of<br>March 9, 2020 | As of<br>April 16, 2021 | Difference             |
|------------------------------|------------------------|-------------------------|------------------------|
| <b>UI Trust Fund Balance</b> | \$524,279,400          | \$125,382,240           | (\$398,897,160) -76.1% |

| As of April 16, 2021             |                        |
|----------------------------------|------------------------|
| Amount Paid out of UI Trust Fund | \$645,561,409          |
| Federal UI Benefits Paid         | \$2,490,176,308        |
| <b>Total</b>                     | <b>\$3,135,737,717</b> |

**Employer Tax Unit (federal funds/restricted receipts)****\$3.7 million**

The Budget includes an additional \$1.5 million in federal funds and \$2.2 million in restricted receipts to support the relocation of the Employer Tax Unit from the Department of Revenue to the Department of Labor and Training. This transfer includes 35.0 FTE positions. The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit's efforts related to UI and TDI benefits.

**INJURED WORKERS SERVICES**

The Injured Workers Services program operates the State's Workers' Compensation System. The Donley/Arrigan Rehabilitation Center provides evaluations, therapy, and counseling for workers injured on the job. A Workers' Compensation Education Unit provides information to workers and employers regarding workers' compensation laws and regulations. This program has no general revenue funding.

| <b>Injured Workers Services</b>                    | <b>Other Funds</b> |
|--|--------------------|
| Arrigan Center (restricted receipts)               | (\$379,996)        |
| Second Injury Fund Operation (restricted receipts) | (\$159,337)        |

**Arrigan Center (restricted receipts)****(\$379,996)**

The Budget includes a decrease of \$379,996 in restricted receipts for the Arrigan Center. The Department anticipated opening an additional South County Arrigan Center in FY2021; however, this center was not opened at the additional building and equipment costs have been removed.

The Arrigan Center is a non-profit outpatient rehabilitation facility located in Providence. The Arrigan Center provides services as a benefit of the State's Worker's Compensation system, therefore no fees are charges to patients and insurance authorization is not required for treatment.

**Second Injury Fund Operation (restricted receipts)****(\$159,337)**

The Budget includes a restricted receipt decrease of \$159,337 for the Second Injury Fund. This fund covers work-related injuries that, when combined with a pre-existing disability, produces either a total disability or a more permanent disability than would have resulted from the subsequent injury alone. The reduction is related to a decrease in eligible persons participating in the program.

## LABOR RELATIONS BOARD

The Labor Relations Board is a semi-autonomous body that makes public sector bargaining unit determinations, oversees collective bargaining elections, and investigates charges of unfair labor practices. The Board is comprised of seven members, one of which is designated as the chairperson. The board members are compensated, but do not participate in the State Retirement System and are not considered State employees.

| <b>Labor Relations Board</b>         | <b>General Revenue</b> |
|--------------------------------------|------------------------|
| FY2021 Enacted                       | \$374,938              |
| <i>Targets and Other Adjustments</i> | <i>10,075</i>          |
| Personnel                            | 88,645                 |
| <b>FY2022 Governor</b>               | <b>\$473,658</b>       |
| <b>Personnel</b>                     | <b>\$88,645</b>        |

The Budget includes an increase of \$88,645 in general revenues for personnel costs within the Labor Relations Board. This increase supports the 2.0 FTE staff members that work for the Labor Relations Board as well as the paid board members. The FY2021 Budget inadvertently decreased salary and benefits for these positions, the FY2022 Budget returns funds to FY2020 actual levels.

## WORKFORCE DEVELOPMENT SERVICES

The Workforce Development Services program works to administer employment and training programs to match job-seekers with suitable employment. The Employment Services subprogram provides a variety of services including, employment counseling, occupational exploration, career guidance, and referrals to training programs. The Workforce Innovation and Opportunity Act subprogram provides employment and training programs to prepare youth, unskilled adults, and dislocated workers for re-entry into the labor force. The Trade Adjustment Assistance (TAA) subprogram provides benefits and educational assistance to workers who have lost their jobs or whose hours have been reduced due to increased imports or a shift in production out of the United States. The Department works with the U.S. Department of Labor to file petitions on behalf of affected workers. The Alternative Trade Adjustment Assistance program provides support services to individuals who are 50 years or age and older. The RI Works program provides services to beneficiaries of Temporary Assistance for Needy Families (TANF).

| <b>Workforce Development Services</b>              | <b>General Revenue</b> |
|--|------------------------|
| FY2021 Enacted                                     | \$704,517              |
| <i>Targets and Other Adjustments</i>               | -                      |
| Opportunities Industrialization Center of RI Grant | 100,000                |
| <b>FY2022 Governor</b>                             | <b>\$804,517</b>       |

|   |             |
|---|-------------|
| <b>Workforce Development Services</b>         |             |
| Federal Assistance and Grants (federal funds) | (5,798,729) |

**Opportunities Industrialization Center of RI Grant** **\$100,000**

The Budget includes \$100,000 in general revenue to support a grant for the Opportunities Industrialization Center of RI.

*Analyst Note: According to the Department, the Opportunities Industrialization Center of RI no longer exists and this funding will not be needed for this purpose.*

**Federal Assistance and Grants (federal funds)****(\$5.8 million)**

The Budget includes \$12.4 million, a decrease of \$5.8 million from FY2021 enacted levels, in federal funds for workforce development programs primarily due to expiring grants. Some of these grants include:

- **America's Promise:** Provides funding to assist workers in gaining experience and skills that allow the worker to upgrade their position in high-growth employment sectors of the economy. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$830,823 decrease from enacted levels
- **National Health Emergency Opioid Crisis Grant:** This grant provides support through the Governor's Recovery Through Opportunity (RTO) program, which provides training and services to workers impacted by the opioid crisis. The program also works to build a skilled workforce in professions necessary to impact the cause and treatment of the opioid crisis. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$1.8 million decrease from enacted levels.
- **Dislocated Worker Grants:** This grant provides funding for significant dislocation events. DLT's Rapid Response team provides services for closing businesses and dislocated workers. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$1.8 million decrease from enacted levels.

**WORKFORCE REGULATION AND SAFETY**

The Workforce Regulation and Safety Program is comprised of multiple units that work to enforce laws relating to professional regulation, labor standards, occupational health and safety, and certification of weights and measures. The Labor Standards unit enforces labor laws and provides worker protections. The Occupational Safety unit enforces laws relating to safety compliance, elevators, boilers, hazardous substances, and weights and measures. The Trade Licensing Unit licenses technical professions and monitors and enforces trade laws pertaining to electricians, hoisting engineers, pipefitters, refrigeration technicians, sprinkler fitters, plumbers, sheet metal workers, and telecommunications technicians. The Registered Apprenticeship unit registers apprenticeship training programs. The Prevailing Wage unit works to prevent unfair compensation and worker exploitation.

| <b>Workforce Regulation and Safety</b> | <b>General Revenue</b> |
|--|------------------------|
| FY2021 Enacted                         | \$3,103,811            |
| <i>Targets and Other Adjustments</i>   | <i>(64,604)</i>        |
| Personnel                              | 497,718                |
| <b>FY2022 Governor</b>                 | <b>\$3,536,925</b>     |
| <b>Personnel</b>                       | <b>\$497,718</b>       |

The Budget includes an additional \$497,718 in general revenue for personnel expenditures. This includes an additional \$167,748 to support the hiring of 2.0 FTE positions to work on misclassification fraud investigations and fraud efforts. The remaining increase in funds fully funds the Program's personnel through general revenues. In the past this program has been partially supported through Tardy and Interest funding restricted receipts.

This program was previously funded by both general revenues and Tardy and Interest restricted receipts. Fully funding this program with general revenue would allow all Tardy and Interest restricted receipt funding to support UI Administration. The Tardy and Interest restricted receipt account is funded via



penalties and interest on employers' taxes (i.e. Unemployment Insurance, Temporary Disability Insurance, and Job Development Fund) when paid late.

#### **CAPITAL PROJECTS**

The Budget includes no RICAP funding in FY2022. Starting in FY2020, the Department of Administration began overseeing all of the Department of Labor and Training's facilities.