

## **Commissioner Reardon Budget Testimony**

### Joint Legislative Public Hearing on 2023 Executive Budget Proposal: Workforce Development

Chairs Krueger and Weinstein, and distinguished members of the committees, thank you for this opportunity to talk about Governor Hochul's Executive Budget and to update you on our efforts at the Department of Labor.

I am Roberta Reardon, Commissioner of the New York State Department of Labor. Our mission is transforming New York's world of work, which includes protecting workers, providing support to the unemployed, helping businesses thrive, and guiding New Yorkers into careers they love.

Our work is critically important to New York State, and I am proud of the milestones we've achieved. When the pandemic hit, businesses statewide were shuttered, everyone was home, New Yorkers were desperately searching for relief for their families. It was clear that our first priority was to ensure that New Yorkers received their Unemployment Insurance benefits quickly so they could feed and house their families. The pandemic did not defeat

us. We overcame the hurdles, and I am so proud of not only what we've become, but what we are evolving into to better serve New Yorkers. There were many teachable moments during the pandemic, and we didn't let a single one go to waste.

Perhaps the greatest challenge we faced during the crisis was new and novel forms of unemployment identity fraud. What we experienced during the pandemic was extremely unusual, and unlike anything seen before in government history. There is a lack of understanding about what we were up against at the time, and I want to clear up any misconceptions.

We, as a state, were a victim of unemployment identity fraud. Like every state in the union, we were battered by international cyber criminals. All systems nationwide were under attack. This fraud was so sophisticated that it tricked every state's system. Throughout the course of the pandemic, the Department distributed over \$105 billion in unemployment benefits to support nearly 5 million New Yorkers. We have identified \$4 billion in unemployment fraud stolen by criminals during that time. To be clear, any fraud is unacceptable. But I want to give you more perspective about that figure. It represents about 3.8 percent of what we paid in total to support New Yorkers. We have since implemented many safeguards to protect our systems,

including multi-factor authentication, ID.me, cross-matching, and other measures to enhance security for our customers and prevent future fraud. We also continue to aggressively pursue criminals to claw back stolen funds, including half a billion dollars already.

While the pandemic was a turbulent time, I am proud of the work the Department did to help New York families survive. We worked around the clock, side-by-side in the trenches during one of the most uncertain moments in U.S. history. I remain forever grateful to my colleagues for their dedication and commitment to helping their fellow New Yorkers. I also want to thank you and your staff for working closely with us during the pandemic. We simply could not have done it alone, and we appreciate your offices helping us during such a challenging time.

While this was a pivotal chapter, it is not the end of our story. This crisis does not define us as an agency. We are so much more. We have turned the page, and are focused on the next chapter, one with a promising future. Thanks to the leadership of Governor Hochul, and in partnership with the Legislature, the Department of Labor has harnessed the pandemic experience to transform ourselves into a well-oiled, more efficient, and better-

prepared agency. And we are doing this with our core mission to protect workers at the forefront of our minds.

In 2022, our Worker Protection and Labor Standards teams oversaw wage theft investigations that recovered \$25 million in wages for nearly 18,000 workers. Over the last decade, the team has recovered and dispersed around \$360 million in stolen wages.

To help New Yorkers report labor violations and apply for permits, we launched a new case management system that will provide updates in real time. The system will also allow us to collect data, enhancing our ability to identify and respond to trends.

Ensuring workers receive a fair day's pay for a fair day's work is a core tenet that guides everything we do, which is why I approved the Farm Laborers Wage Board's recommendation to lower the overtime threshold for farm workers from 60 hours to 40 hours over a ten-year period. The Department also recently oversaw a minimum wage increase to \$14.20 an hour for all upstate workers. But we can do more. We fully support Governor Hochul's plan to index minimum wage to inflation. The plan will help low-wage New Yorkers meet the rising cost of living.

We continue to prioritize workforce development and find innovative ways to provide training opportunities and connect New Yorkers to careers they love. An important part of this is meeting people where they are, and these days, they are online – and more than 200,000 New Yorkers utilized our virtual job services in 2022 alone. Last year, we expanded our cutting-edge Virtual Career Center to ALL New Yorkers. The free platform caters the experience to each customer’s individual needs and allows them to browse more than 250,000 job postings. Businesses are also seeking rapid, online solutions to help fill jobs, a need being met by our Virtual Career Fairs. These events are connecting businesses and job seekers virtually in real time.

Registered Apprenticeships continue to give New Yorkers the skills they need to thrive in the economy. In November, we celebrated the inaugural New York State Apprenticeship Month, which highlighted more than 900 critical programs across the state. Registered Apprenticeships are paying big dividends for businesses and New Yorkers, which is why we continue to expand these programs.

New York is currently undertaking an ambitious effort to address climate change. The clean energy sector is a game changer for our planet and for New York’s economy. The Department is helping

to connect New Yorkers to green job opportunities by also ensuring this burgeoning sector benefits all communities equitably.

We also remain focused on assisting unemployed New Yorkers while also keeping our systems secure. We're more than halfway into our 4-year modernization plan that will result in a completely new UI management system, optimized to create a more seamless and secure user experience. While we wholeheartedly welcome these technological advancements, we are also implementing other immediate improvements to our programs. We are focused on reaching more New Yorkers, and have ramped up language access. A great example of this was the launch of our Spanish Facebook and Twitter accounts. We also expanded our online virtual assistant, Perkins, to respond in 13 languages and perform several tasks that previously required speaking to an agent.

None of these changes would be possible without the steadfast support of Governor Hochul. She continues to ensure the Department can modernize to provide the resources New Yorkers and businesses need to participate and thrive in today's economy.

To further Governor Hochul's commitment to a transparent and open government, the Department held hearings to receive public input on the State's newly strengthened Sexual Harassment Model Policy, and on the impact of COVID-19 on women in the workforce and the Gender Wage Gap. That report will be released in just a few weeks.

The Department is working smarter, but there is always room for improvement. If we are to continue to keep our systems protected, we must evolve with the times. And you, our legislative partners, have played and continue to play critical roles in our efforts. By investing continuously in modernization, we will ensure that our systems remain more efficient, easier to use, and safer than ever before for all New Yorkers.