

Committee on Education and Workforce Development
Remarks by Catherine Hendry, Esq., Commissioner
March 4, 2016

Good Morning...Honorable Senator Jean Forde, Chairman, Honorable Members of the Committee on Education and Workforce Development, Distinguished Senators, ladies and gentlemen, and to the listening and viewing audience, I am Catherine Hendry, Esq., Commissioner of the Virgin Islands Department of Labor.

I am pleased to be here today with Assistant Commissioner Kendra Roach and the Department of Labor's Senior Management Team to provide an update on the activities and programs of the Department of Labor:

- Arah Lockhart, Director of Workforce Development,
- Wanda Morris, Director of Workers' Compensation,
- Rupert Ross, Director of Information Technology,
- Gary Halyard, Director of Bureau of Labor Statistics,
- Dean Andrews, Director of Occupational Safety and Health,
- Elston George, Director of Unemployment Insurance,
- Chivonne Romney Lee, Director of Business and Administration,
- June Austin, Chief Administrative Law Judge,
- Gwen Steele, Labor Relations Specialist, and
- Rhona Martinez, Chief of Staff

Current Labor Market conditions (in the public and private sectors), and the outlook for the remainder of 2016: The unemployment rate for the Virgin Islands as of January 2016, is 11.6% (STX 12.0% and STT 11.2%). The Virgin Islands Labor Market at the end of 2015 reflected a slight decrease of -0.6 percent in the amount of persons on payrolls compared on an over the year factor. The average payroll employment count was 35,871 compared to 37,947 in 2014. This minor change is a result of short term capital projects in the construction sector terminating within the period. Although there was an overall decline over the periods, some sectors that experienced minor growth were in the preeminent sectors of our economy, such as retail trade, leisure and hospitality, and professional services respectively.

The labor force, or the approximate population of potential workers that can be sourced to the job market, averaged 48,547. Of that amount roughly 42,774 were employed and 5,773 were unemployed, with the mean unemployment rate at 12%. The unemployment data remained at the two digit level during 2015 but has declined based on contraction in the job market, and factors of attrition, retirements, emigration, and individuals no longer actively seeking or able to find employment. This has resulted in the ebbing of the active labor pool. The district that has experienced the heavy decline is St. Croix, with the average labor force at 22,224, employment at 19,388, and unemployed at 2,837. St. Croix has seen the largest depletion, and the current counts speak volumes of the need to expand the labor market and bring individuals back into the labor market through job creation. In the St. Thomas and St. John district, the mean labor force estimate was 26,323, and of this amount 23,386 were employed and 2,937 unemployed.

The employment outlook for 2016 is predicted to increase due to forecasts of increased economic activity. With recent announcements of private and public sector capitalization set to occur, it is anticipated that the labor market should experience slight growth in addition to the seasonal economic activity related to increased amounts of visitor arrivals at our ports of entry.

As of January 2016, real time data of firms seeking candidates in our economy reflects approximately 484 announced positions. Of this amount, 62% is in the St. Croix market, and 38% for St. Thomas and St. John. The current occupations that employers are seeking: are nurses, retail salespersons, therapists, carpenters, electricians, database administrators, technical writers, and numerous other administrative type occupations. Anticipated public and private projects such as road construction, planned development/renovations, and the Lime-Tree Bay LLC petroleum storage activity ramp up will stimulate activity in the construction area.

If all the announced projects are kept on track, we expect to see this positive change peaking in the third quarter of this year into early 2017, and the anticipated impact is a growth in employment levels by approximately 2.41 percent.

The status of unemployment insurance and workers' compensation premiums and benefit payments: The Division of Unemployment Insurance (UI) administers income support to eligible workers who become unemployed through no fault of their own by systematically accumulating funds from employers during periods of employment from which benefits may be paid. The temporary income provided by the UI benefits program helps workers sustain their families when they are out of work. It also keeps money flowing into businesses as this money is spent to provide for basic needs. This flow further helps to maintain purchasing power which many consider the key to economic prosperity. UI reported that 2,826 initial claims were filed during FY 2015. A total of \$12,055,564 was disbursed in UI benefits. Thus far for FY 2016, \$3,127,388 has been disbursed in benefits to eligible UI claimants.

As of February 26, 2016, VIDOL records indicate delinquent contributory employers owe \$12,964,071.32 in contributions with interest of \$23,238,416 and penalties of \$3,127,685. Non-Profit organizations owe \$662,649 in contributions, \$440,681 in interest and \$151,125 in penalties. Local Government benefit charges are \$1,098,826; interest is 1,272,401 and penalty is \$151,125 for a total of \$2,522,352. Central Government benefit charges are \$7,363,314.

Accordingly, VIDOL has developed a collection plan and has requested critical hires to aid the Unemployment Tax Unit which is inadequately staffed to tackle and address these outstanding obligations. The Unemployment Trust Fund, once the most solvent in the nation, has been severely impacted by the recent recession, resulting in a Trust Fund loan balance of over \$72 million. While this debt is substantial, our economy could not have survived the massive job losses without the supplemental income generated by Unemployment Insurance payments made to beneficiaries of over \$120 million during this period.

The Division of Workers' Compensation (WC) strives to minimize the adverse impact of work-related injuries on the employees and employers of the territory by providing temporary medical and disability benefits for work-related injuries and diseases. Collection of premiums from employer/business falls under the jurisdiction of the Department of Finance, the Government Insurance Fund (GIF). Despite the cash flow issues and staff shortages the WC Team processed claims resulting in \$3,257,236 paid in benefits to injured workers and healthcare providers. The WC Team continues to provide services to the injured workers of the Territory, employers, medical providers, and respond to inquiries from attorneys, Social Security Administration, Government Employees Retirement System, and several insurance companies as well as, conduct several training sessions in conjunction with OSHA. Thus far, for FY 2016 \$1 Million Dollars was received from the GIF and \$765,118 has been paid in benefits to injured workers and healthcare providers.

The status of the department's programs that enforce V.I. Statutes protecting resident workers, particularly the Division of Labor Relations: The Division of Labor Relations (DLR) provides protection of workers' rights, regulates the employment practices of employers, promotes job opportunities for residents of the territory and encourages a healthier, more harmonious relationship between labor unions, the private business sector and the government. The unit is extremely short staffed and does not have the adequate support staff to carry out the mandates of the unit.

The department's preparations (pending enactment of Bill No. 31-0236) to inform employers and the public about the changes in the minimum wage in the territory: The Department of Labor is prepared to provide public notice regarding the increase in the minimum wage via press releases, TV appearances, Radio Talk Shows, workshops, flyers, VI Public Access Channels, etc. In addition, the Labor Relations office is prepared to assist any customers who wish to file a wage claim.

The status of labor force training programs conducted within or in conjunction with the Department of Labor: With the signing of the Workforce Innovation Opportunity Act (WIOA) by President OBAMA on July 1, 2014, the public workforce system was provided an extraordinary opportunity to improve the quality of its workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of businesses, and, enhance the productivity and competitiveness of our local economy. With these objectives in mind, the legislation also introduces and mandates the coordination between four (4) CORE federal programs: **Employment Services, WIOA PROGRAMS (Dislocated Worker, Adult & Youth), Adult & Basic Education and Vocational Rehabilitation** activities. This transformational approach seeks to improve the quality of life for job seekers and workers through an "integrated, job-driven system that links diverse talent to business and employment".

In order to meet this challenge and satisfy these mandates, the Virgin Islands State Workforce Investment Board (SWIB), through its Executive Director, embarked on a journey to engage, and develop collaborative partnerships with key Representatives of the CORE agencies and other identified workforce system partners and stakeholders. Transitional planning sessions and activities were initiated as early as May 2015 and all stakeholders have been working feverishly both independently, in dedicated small and large workgroups to design and develop the 'blueprint' for the Virgin Islands' Five (5) Year Strategic Workforce Development plan. The first draft of this plan will be available for public review and comment March on 8th and the final submission to USDOL-ETA will occur as required by April 1, 2016.

During this transitional period and up until *the July 1, 2016 WIOA implementation date*, the VIDOL continues to administer programs and services consistent with the requirements of our Federal Program grants to ALL eligible job seeker, unemployed/underemployed, dislocated workers, Employers and Businesses. These programs, services and activities include but are not limited to the following:

- Workforce Preparation Workshops, (i.e. interviewing skills, resume writing, etc.)
- Educational & Skill Assessments
- Career Counseling
- Access to Labor Market Information
- Job Search Assistance
- Referrals to Jobs, Occupational Training, Post- Secondary Education and Support Services

During the last year, a total of one-hundred & thirty two (132) individuals territory wide received 'Occupational Skills' training at a cost of \$320, 588.00. These training programs were administered by the

following providers: **NETWAVE, UVICELL, HANDS ON CARE, CITD, PENNTIUM, TANG HOW BROTHERS and CTEC**. In addition to 'year-round' offerings to targeted members of the UNEMPLOYED YOUTH, ADULT & DISLOCATED populations that we are required to serve, members of the Workforce Development team routinely engages in out-reach activities in conjunction with other community partners; provide Educational Seminars for Employers and new business; conduct Job Fairs and other workforce related symposiums and Conferences.

The **Summer Youth Employment Program** continues to be a mainstay on our Youth Services agenda and several partnerships with community Youth organizations, have aided our attempts to engage, connect and collaborate with several external Youth Program providers.

During this Program Year (July 1, 2015 – June 30, 2016), several initiatives were implemented to enhance and expand our Menu of Services. These included the following:

- Introduction of the 'Work, Learn & Earn' Program for out of school Youth
- Introduction of the 'GED Fast Forward' Program
- Upgrades to the Virgin Islands Electronic Workforce System
- Exploration of redesigns for our Workforce Development Web Page and development of promotional/marketing strategies to our dis-engaged workforce customers
- Identification and utilization of new, innovative, accessible and on-line workforce development resources to connect customers with a wider variety of learning and training opportunities

Additionally, recognizing that Staff Professional Development and Capacity Building are essential to the success of our workforce development efforts, a Professional Development program and plan has been established for members of the Workforce Development team. Action was initiated to facilitate and ensure that all have been inducted into the *National Association of Workforce Development Professional* (NAWDP) organization and ongoing efforts include attaining credentialing and certification for those staff members who are committed to following through on this opportunity.

The status of the department's efforts to re-establish apprenticeship programs in the territory:

The Virgin Islands Department of Labor has transmitted a comprehensive application to the U.S. Department of Labor (USDOL) to be recognized as a State Registration Agency for Federal purposes for Apprenticeship. To date, the application remains pending as the USDOL has notified the department that further revision must be made to the Virgin Islands law in order to conform to the national standards. Therefore, we are working closely with USDOL in making those necessary revisions.

As you can see, the management and employees of the Department of Labor have and continue to carry out the local and federal mandates to the best of our ability in serving the people of our community by administering a system of effective programs and services designed to develop, protect and maintain a viable workforce, despite the many challenges we are faced with on a daily basis.

In conclusion, I would like to thank you for this opportunity to offer status update of the Virgin Islands Department of Labor. My colleagues and I will now answer any questions you may have regarding my testimony.

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