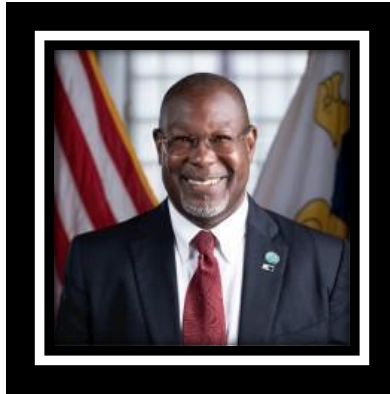




FY2024 BUDGET HEARING

The mission of VIDOL is to administer a system of effective programs and services designed to develop, protect, and maintain a viable workforce.

GARY MOLLOY
COMMISSIONER
JULY 6, 2023



**FISCAL YEAR 2024
BUDGET HEARING PRESENTATION
DEPARTMENT OF LABOR
Submitted by: Commissioner Gary Molloy**

SCOPE AND OVERVIEW

Good Afternoon, Honorable Senator Donna Frett-Gregory, Chairperson of the Committee on Budget, Appropriations and Finance, Vice-Chair, Novelle E. Francis, Jr., distinguished Senators, ladies and gentlemen, listening, viewing, and virtual audiences. I am Gary Molloy, Commissioner of the Virgin Islands Department of Labor (VIDOL).

I am here today with Attorney Nesha Christian-Hendrickson, Assistant Commissioner/Legal Counsel, Mr. Jean Forde, Assistant Commissioner, Mr. Maurice Wells, Director of Business Administration, Mr. Kenneth Milligan, Director of Federal Grants, Mr. Gary Halyard, Director of the Bureau of Labor and Statistics and Unemployment Insurance, and Ms. Charlene Hodge, Director of Workforce Development. Thank you for the opportunity to be here today to discuss our fiscal year 2024 budget.

The Virgin Islands Department of Labor FY 2024 overall budget amount is \$22,667,708. We are requesting \$12,729,388 from the General Fund within our ceiling from the Office of Management and Budget (OMB), \$7,842,135 from Federal Grants, \$1,904,464 from Government Insurance Fund (GIF), and Penalty and Interest contributes \$191,720.

- FY 2024 General Fund - \$12,729,388**
- Personnel Services - \$4,066,429
 - Fringe Benefits - \$4,194,268
 - Supplies - \$446,902
 - Other Services - \$2,791,370
 - Utility Services - \$222,418
 - Capital Projects - \$1,008,000

Please allow me this time to set forth the width and breath of VIDOL’s scope and mandate along with the resulting financial costs to support the department and various moving parts.

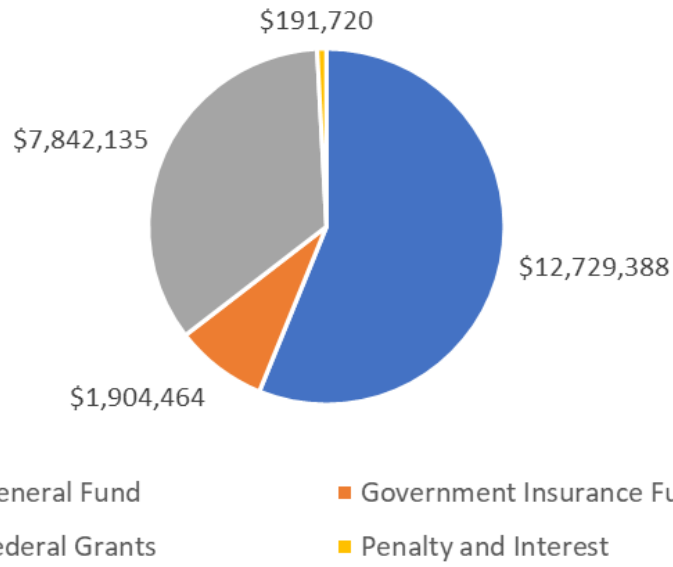
VIDOL derives its authority from Titles 3, 24, 27 and 29 of the Virgin Islands Code, the Workforce Innovation and Opportunity Act of 2014, the Occupational Safety and Health Act of 1970 (OSHA), and other federal laws which require the development of administrative structures that govern and enforce fair labor standards and protect the people of the Virgin Islands from any threat to health, morals, and general welfare. The Department is comprised of the following divisions and units:

- Bureau of Labor Statistics (BLS)
- Workforce Development Unit (WDU) includes Youth and Apprenticeship
- Division of Unemployment Insurance (UI)
- Division of Labor Relations (LR) includes Compliance
- Division of Occupational Safety and Health (VIDOSH)
- Division of Workers’ Compensation (WC)
- Division of Hearing and Appeals (HA)
- Planning, Research and Monitoring (PR&M)
- Business and Administration (BA) includes Human Resources, Procurement and Maintenance
- Information Technology (IT)
- Management Information Systems (MIS)

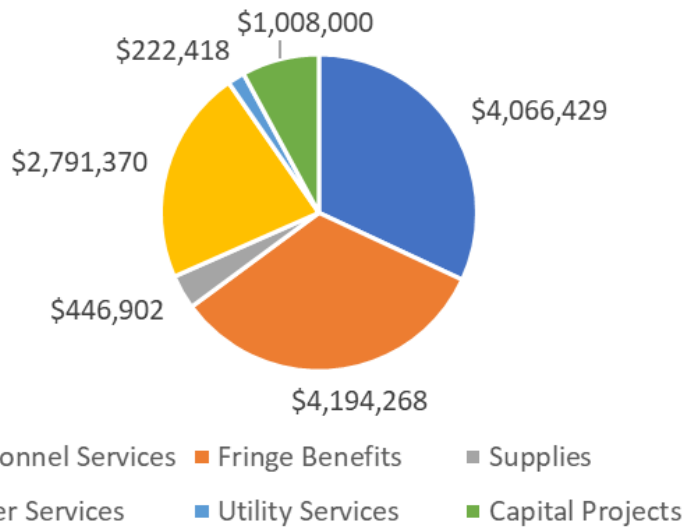
VIDOL is a service-based, regulatory organization. Through these divisions and units, we provide a myriad of diverse services and programs that are interconnected with our workforce development and security systems.

The Divisions of Business, Administration, Procurement, Human Resources, and Maintenance are the backbone of the agency. They provide essential support services to the department. Information Technology and Management Information Systems comprise the technical arm of the department that manages our information systems and guides us in the procurement of technical services. The main public facing divisions are the Bureau of Labor Statistics, Unemployment Insurance, Workers’ Compensation, Labor Relations to include Compliance, the Virgin Islands Department of Occupational Safety and Health (VIDOSH), and of course, Workforce Development to include Youth & Apprenticeship.

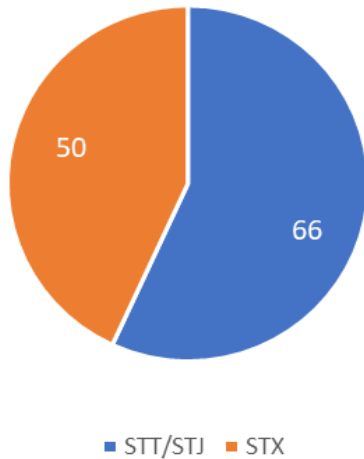
FY 2024 Budgeted Resources



FY 2024 General Fund by Category



EMPLOYEES BY DISTRICT



PERSONNEL

VIDOL is currently staffed with one hundred and sixteen (116) employees Territory-wide. For FY 2024 of the General Fund budget request, a total of \$8,260,697 is budgeted to include the salaries and fringe benefits, along with the wages for the Summer Youth Work Employment Program (SYWEP). The General Fund total reflects 60.057 positions with a remaining \$3,460,690 for mandatory operating costs and \$1,008,000 for capital improvement projects. VIDOL currently has 21 vacant/new positions. It is important to note that the Fringe Benefits number is inflated in FY 2024 because included in the cost category are the employer contributions for the entire Government of the Virgin Islands of \$2.5 million.

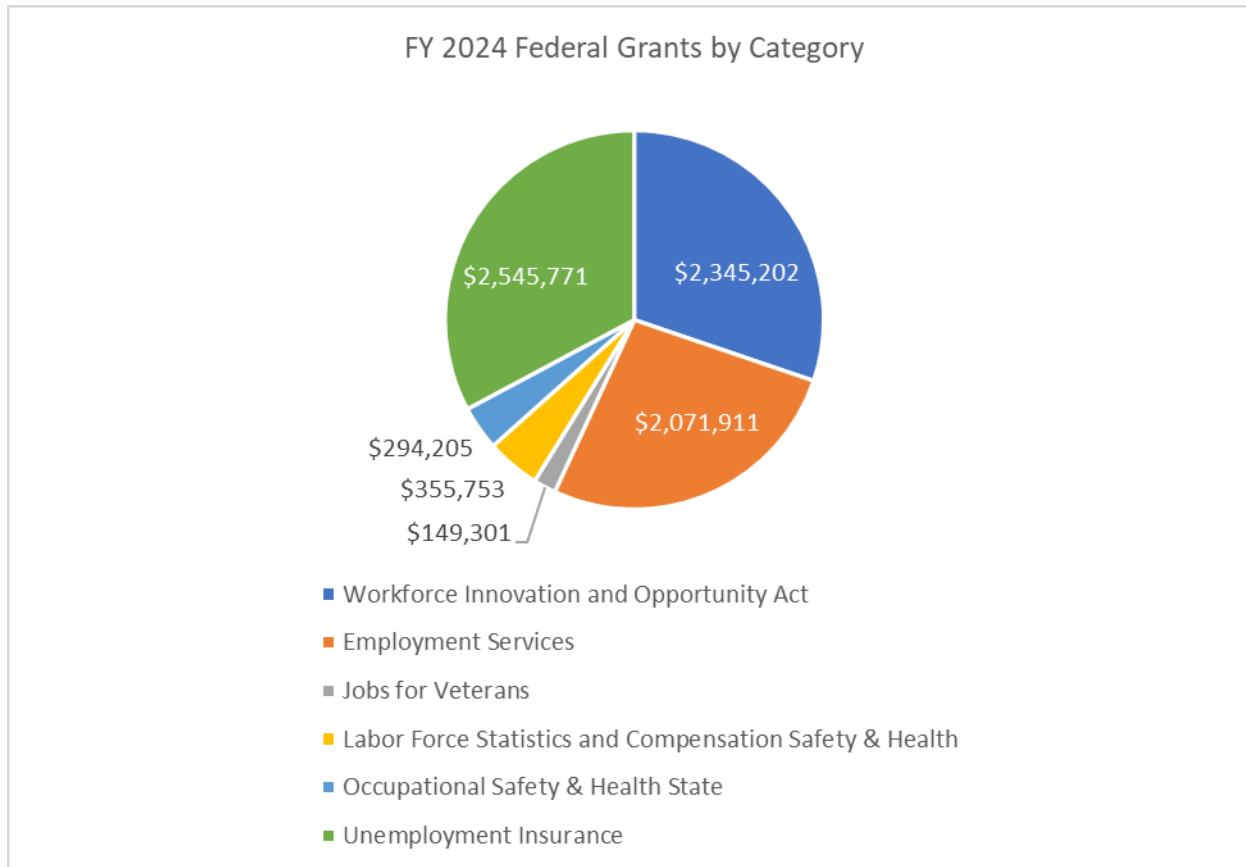
The total budget for the Government Insurance Fund for FY 2024 is \$1,405,043 budgeted for salaries and fringe benefits for 21 positions, with a remaining \$499,421 for mandatory operating costs.

The total Federal budget for FY 2024 is \$4,073,898 budgeted for salary and fringe benefits for 53.943 positions, with a remaining \$3,768,238 for other mandatory operating costs.

VIDOL uses these funds to continue servicing the Virgin Islands Workforce and community, with employment services, unemployment insurance, job placement, workers' compensation insurance, and other services and compliance as mandated by local and federal law.

Our focus moving forward is to continue our operations to be more customer-centered through the automation of manual processes, and the integration of services in key areas. Our budget reflects this focus and commitment.

FEDERAL GRANTS



Federal Grants are an important funding source. They are crucial in providing the resources necessary to fund the myriad of programs that they support. VIDOL expects to receive \$7,762,143 for FY 2024 from federal grants. These monies are earmarked for specific initiatives. The Workforce Innovation and Opportunity Act (WIOA) & Employment Services (ES) grants in total is \$4,417,113 with the WIOA funds being \$2,345,202 and the ES grants totaling \$2,071,911. The Unemployment Insurance grants will provide \$2,545,771. The Labor Force Statistics and Compensation Safety & Health grants will provide \$355,753 which the Bureau of Labor Statistics uses to conduct surveys and compile Virgin Islands employment data. Occupational Safety and Health State Grant will provide \$294,205. Lastly, the Jobs for Veterans Grant will provide \$149,301, which is used to fund VIDOL's Disabled Veteran's Outreach Program (DVOP), which provides two dedicated coordinators to assist our Veterans.

WORKFORCE DEVELOPMENT

The Workforce Development Division offers a variety of employment programs that serve to connect employers and job seekers. Its primary responsibility is to provide job services, training and employment assistance to people looking for work as it works with employers to fill vacancies. The goal is to create economic prosperity for individuals, families, and communities. In supporting Governor Bryan's Workforce Development Initiative, VIDOL builds the territory's talent pipeline through Workforce Development programs that focus on target industries tied to Vision 2040 and are funded through a combination of local and federal funds.

Workforce Development is expected to receive \$4,417,113 from the WIOA and ES Federal Grants and is requesting \$1,660,617 from the General Fund. The General Fund monies are utilized for the Summer Youth Work Experience Program, and the administrative and operating costs for Youth Employment and Youth & Apprenticeship. Workforce Development includes a relatively wide range of activities, policies and programs employed by several partners to create, sustain, and retain a viable workforce that can support current and future business and industry. Specifically, training is provided for Adult, Youth, Dislocated Workers, Individuals with Disabilities and Veterans. Worked-based learning solutions such as Customized Training, Incumbent Worker Training, Occupational Classroom Training, On-the-Job Training, Employment Services, and federally recognized Registered Apprenticeships are also provided to meet the demands of the selected targeted industries to include Construction, Healthcare, Hotel & Hospitality, Maritime, Massage Therapy and Pipe Fitting.

Workforce Development's signature training program in FY 2023 is the Skills for Today program, which is project managed by our partner ICF. Skills for Today provides classroom-certified instruction, on-the-job training, and soft skills training in a number of areas, shown in Addendum #1. This program was made possible through a \$10,000,000 grant from the Community Development Block Grant-Disaster Recovery and as a grant subrecipient partnered with the Virgin Islands Housing Finance Authority. Over 800 hundred job seekers have been trained territory-wide under this two-year program, which concludes in August 2023. VIDOL would like to extend Skills for Today to FY 2024, so that we may continue to build a sustainable and prosperous workforce. However, additional funds will be needed to do so.

Workforce Development funds are also used to host job and career fairs. We continue to have success in connecting job seekers and employers. Seven (7) career fairs and thirteen (13) hiring events were conducted during Program Year 2022. Eight hundred and thirty-nine (839) job seekers attended these events with one hundred and forty-four (144) employers looking for individuals to work. One hundred and thirty-seven (137) job seekers were interviewed and hired following these events. Career fairs and hiring events are hosted to assist employers with their recruitment needs. In FY 2024 we expect to host more hiring events, thereby connecting even more employers and job seekers.

We had great feedback from the employers, who indicated that they had seen several great candidates and will be able to staff up pending interviews. Career fairs and hiring events are hosted to assist employers with their recruitment needs.

The Youth and Apprenticeship programs are subsets of Workforce Development, and the staff is funded with Federal grants and General Fund monies. In FY 2024, we will expand the number of Registered Apprenticeships and increase our youth program opportunities. Similarly, to the adult population, the Youth team provides in-house academic and career assessments to determine the services and activities needed for each youth. Individual Employment Plans or Service Strategies are developed, and referrals are made to the service providers. Youth Services may include, but are not limited to job preparation skills, resume building, and paid and unpaid work experiences. The Youth Team serves more than eight hundred (800) youth in all programming annually via federal and local funding. The General Fund finances the Summer Youth Work Experience Program, the largest program in the division. The total number of participants each year is based on available funding. Addendum #2 shows the number of youth customers served in FY 2023, FY 2022, FY 2021, FY 2020, FY 2019, and FY 2018 based on the fiscal year as the local funds are allotted by fiscal year. Please note that the FY 2023 numbers are an estimate

and subject to change as it is the current fiscal year. Figures are based on the number of youth selected to participate. Not everyone selected may participate.

The Bryan-Roach Administration is heading an initiative to provide additional support and connection with all graduating high-school students territory-wide. This is inclusive of the Governor's Workforce Development Initiative; VIDOL is collaborating with the Virgin Islands Department of Education and other partners to educate students about the available resources.

UNEMPLOYMENT INSURANCE

Unemployment Insurance provides temporary, partial wage replacement to workers temporarily or permanently laid off from their jobs due to no fault of their own. The Unemployment Insurance division is scheduled to receive \$2,545,771 from Federal Grants and is requesting \$473,886 from the General Fund including salary and fringe benefits. As of June 16, 2023, the Virgin Islands Trust Fund has approximately \$20,918,796.04 for payment of future claims. The balance on the debt owed on the Trust Fund loan is currently (\$89,260,721.44). The average initial filing of claims for FY 2022 was 458, which represented a major decline compared to 1,570 in FY2021, and 2,935 in FY 2020 respectively.

The Unemployment Insurance Division is currently in the process of rolling out the Payroll Variation tax methodology. This tax change is both necessary and mandated by the US Department of Labor to bring the Virgin Islands program into compliance with Federal Laws by establishing an experience rating system to equitably distribute insured risk among the Virgin Islands Employers. We are in discussion with Government House regarding the legislation to adjust the implementation date and other areas to ensure efficiency. This tax change will take effect on January 1, 2024, and employer's tax liability under this new system will commence on March 31, 2024, with 30 days (April 30, 2024), to file their quarterly reports and pay taxes. The unit is also currently under contract to deploy an employer portal which will allow the filing of employer's quarterly reports online. Our agency will be launching this portal in the first quarter of FY2024. In addition, we are currently testing security software applications intended to protect against fraudulent claims and cybersecurity breaches on our website.

LABOR RELATIONS

The Labor Relations Division oversees compliance with labor standards and employee rights to protect and enhance the welfare of the workforce. It is requesting \$388,926 from the General Fund. All Employment Discrimination, Sexual Harassment, Plant Closings, Child Labor Law Violations Meal and Rest violations and Wage and Hour Claims are investigated by the Division of Labor Relations. In FY 2023, \$7,512.82 in owed wages was returned to employees. In FY 2024, Labor Relations will increase compliance visits to the business community, become completely paperless, and increase staffing with one Compliance Officer in both districts.

The Planning, Research, and Monitoring unit safeguards federal and local funding and ensures that programs adhere to federal and local guidelines. They closely monitor the WIOA programs, eligible training providers, and various other programs to ensure that clients receive the guaranteed workforce training.

The Compliance Unit is responsible for developing strategies as it relates to the Economic Development Commission (EDC) to determine who is or is not in compliance. This unit works closely with the compliance unit of the EDC as well as all divisions in VIDOL to collect the necessary compliance data in order to generate compliance clearance letters for the employers either have and/or seeking EDC benefits.

WORKERS' COMPENSATION

Workers' Compensation is an insurance program that provides medical disability for work-related injuries and disease. It is scheduled to receive \$1,445,097 from the Government Insurance Fund for personnel, fringe benefits and other services. In FY 2024 Workers' Compensation is on track to implement a Provider Fee Schedule Agreement, which would standardize the cost of medical care and procedures, as well as decrease the wait time for medical provider payment. We are in discussion with Government House regarding the legislation to review to revise and update Title 24, Chapter 11, of the Virgin Islands Code in order to streamline our procedure and processes.

VIRGIN ISLANDS DIVISION OF SAFETY AND HEALTH

The Division of Occupational Safety and Health (VIDOSH) works to ensure that public sector employees are provided with safe and healthy workplaces. VIDOSH is also tasked with providing training, outreach and enforcing all workplace standards. VIDOSH is scheduled to receive \$294,205 in Federal Grants, \$459,367 from Government Insurance Fund, and is requesting \$151,837 from the General Fund. VIDOSH inspectors are certified to investigate workplace hazards. In FY 2024 VIDOSH will be on-track to resolve issues surrounding inspector certifications to conduct the fifty-five (55) inspections per year based on having two inspectors as mandated by the Federal OSHA office. Policy and Procedures from the OSHA Training Institute (OTI) mandates three required courses for all newly hired OSHA (VIDOSH) enforcement inspectors. VIDOSH hard-to-fill vacancies in both districts are now staffed with one consultant, and two enforcement officers. One of the enforcement officers is a safety inspector, and the other is an industrial hygienist. They are currently mid-way through completing the OTI mandatory courses.

ADMINISTRATIVE AND SUPPORT SERVICES

The Administration and Business Divisions are the backbone of the agency, where they provide essential human resources and financial management. Included here are the Office of the Commissioner, Legal Counsel, Public Information Officer, Business Administration, Human Resources, Information Technology, Management Information Systems, Maintenance, and Procurement. Our Hearing and Appeals division provide due process to claimants and the opportunity to appeal adverse UI decisions and adjudicated wrongful discharge cases. As of May 2023, we have conducted 46 Wrongful Discharge hearings and 20 Unemployment Insurance appeals.

ARPA – SPECIAL LEGISLATIVE FEDERAL AID

The American Rescue Plan Act of 2021, also known as ARPA, is the third round of economic aid relief intended to reverse the economic impact of the COVID-19 Pandemic by providing economic relief to workers, families, small businesses and industries. The Territory received ARPA monies in an allotment similar to other U.S. States

and Territories. ARPA created a variety of new programs to address continuing pandemic-related crises and fund recovery efforts. VIDOL received ARPA funds allotted by the Office of the Governor through the Office of Management and Budget. We were able to fund the following initiatives:

- Project 000013 (Temporary Staffing Services) - Hired 10 temporary staff in Unemployment Insurance through a temp service to process the overwhelming number of claims for pandemic-related benefits disbursed by VIDOL. VIDOL received \$296,115.20 and the program ran from 10/1/2021 to 1/31/2023.
- Project 000073 (UI Temporary Customer Service Representatives) - Hired 13 temporary customer service representatives in Unemployment Insurance to assist with the overwhelming number of customers during the COVID-19 pandemic. VIDOL received \$500,000 and the program ran from 10/1/2021 to 1/31/2023.
- Project 000028 (LIFT Program Expansion) - Extend the Labor Investing for Tomorrow (LIFT) Program from the Summer to the Fall and Spring semesters. The Fall and Spring semesters ran for 13 weeks. VIDOL received \$500,000 and the program is ongoing. The funding is from 5/10/2022 to 12/31/2023.
- Project 000022 (Subsidized Employment - Learn and Earn Project) - Provide a wage subsidy for individuals enrolled in the Skills for Today Construction cohorts. Skills for Today is a work training program that combines classroom learning certification with on-the-job training. VIDOL was awarded \$1.5 million. This program is ongoing, and the funding is from 7/1/2022 to 6/30/2023. The processing of the payments is ongoing and VIDOL is requesting an extension to 9/30/23 to complete all deliverables.

Before concluding: Video - VIDOL Reflections – A Year in Review



VIDOL Reflections - A
Year In Review Revise

CONCLUSION

VIDOL continues to administer a system of effective programs and services designed to develop, protect, and support a viable workforce.

I would like to personally thank the Bryan/Roach Administration, the Office of Management and Budget team, and, most importantly, my V.I. Department of Labor family for their committed efforts on behalf of the people of the U.S. Virgin Islands.

Senators, we humbly and respectfully ask that you grant us favorable consideration at the requested level of \$12,729,388 dollars for FY 2024.

Once again, thank you. My staff and I are ready to answer any questions you may have at this time.

ADDENDUM #1

Skills for Today Data as of April 2023

Construction Classroom Training			
Industry	Description	Proposed Goal (09-30-2023)	Enrollment (04-28-2023)
Construction	NCCER & Industry- Recognized Construction Training	400 – Core 175 – Craft 50 - Supervisory	* 321 196 27
Work-Based Learning – Goal - <u>240</u>			
Industry	Description	Proposed Goal (09-30-2023)	Enrollment (04-28-2023)
Healthcare	Customized Training	15	122
Information Technology	Customized Training	25	7
Hospitality	Customized Training	75	64
	On-the-Job Training		32
Marine Services	On-the-Job Training	25	16
Construction	On-the-Job Training	0	15
Telecommunication	On-the-Job Training	0	4
WBL (CT+OJT) Subtotal			260
Incumbent Worker Training – Goal <u>75</u>			
Professional Development Series -Project Management -Grant Management -Data Science	Incumbent Worker Training	75	*104
Apprenticeship – Goal <u>50</u>			
Industry	Description	Proposed Goal (09-30-2023)	Enrollment (04-28-2023)
Healthcare	Apprenticeship	0	15
Hospitality	Apprenticeship	0	3
Marine	Apprenticeship	15	5
Apprenticeship Subtotal			23
WBL (CT + OJT + Apprenticeship) Total			387

As of April 2023, Skills for Today has enrolled 708 participants in training activities; 544* in construction skills; and 387 in work-based learning. More specifically, WBL categories include 260 in customized or on-the-job training, 104* in incumbent worker training and 23 in apprenticeships. **Note: in both construction and incumbent worker training, some individuals may have taken more than one course.*

ADDENDUM #2

Youth Customers Served

	*FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
LOCAL Funds						
SYWEP						
Work Experience (16-25)	694	546	495	0	536	462
Career Exploration (14&15)	144	108	188	0	69	100
LIFT Internship Program						
Summer/Spring/Fall	99	48	44	20	18	21
<i>Subtotal</i>	<i>937</i>	<i>702</i>	<i>727</i>	<i>20</i>	<i>623</i>	<i>583</i>
FEDERAL Funds						
Year Round (WIOA)						
(includes WE & Occupational Training)	99	137	105	74	102	85
TOTAL	1036	839	832	94	725	668