

- As we start our presentation every biennium, the Department receives no state general funds and the majority of its non-matching federal funding comes from the United States Department of Labor (USDOL).

- Our biennium budget projection is based on the knowledge and expectation of the continuation of our core programs: Employment Services, Unemployment Insurance and Labor Market Information.

- The Department also receives supplemental funding in the form of a 0.2% diversion of employer state unemployment taxes (RSA 282 A:87) for administrative support in order to cover federal

funding shortfalls, and from which \$6M annually is deposited into the Training Fund administered in connection with the Job Training Program, RSA 282-A:181.

- Without this 0.2% diversion of employer state unemployment taxes, the state would only be able to maintain 6 of the 12 NH Works offices conveniently located throughout the state if forced to rely solely on federal funding.
- The Department offers a variety of services to claimants, job seekers and employers in 12 full service offices and 2 itinerant offices located throughout the state. Therefore, personal service

and benefit costs comprise the largest portion of our overall budget.

- **Personnel-related costs** comprise approximately **58% of our budget**. When unemployment claims increase, as was experienced during the Global Pandemic, NHES receives additional federal funding based on workloads in excess of our base budget workload counts.
- A growing economy and low unemployment rate like NH is currently experiencing, results in decreased funding for NHES. To put this into context, in February 2020 just prior to the start of the Global Pandemic, the total number of staff at the department was 264 (235 FT & 29 PT).

- While NHES temporarily managed the extremely high workloads caused by the pandemic with existing staff working overtime, additional staff have since been hired to help with the continued elevated workloads. The total number of FT NHES staff is currently at 260 (27 being recruited for).
- The highest point of staffing reached during the pandemic was 355 equivalent positions in April 2020 when the equivalent of 94 extra positions was worked in OT hours by existing staff.
- During the 2020-2021 Global Pandemic the Department managed to pay over \$2 Billion in federal and state unemployment benefits to over

175,000 Granite State Workers which was more money and more people paid in the prior decade combined.

- **Department of Information Technology (DoIT)** costs comprise approximately **11% of our overall budget**. With this budget, NHES supports approximately 25 full-time equivalent DoIT positions: 17 embedded within NHES.
- NHES relies heavily on **technology** to administer all of our programs but most importantly the unemployment insurance program which combined with our extremely dedicated and knowledgeable staff, is why we were able to get through the Global Pandemic with lower staff totals as compared to the

Great Recession a decade ago despite much higher claim totals during the pandemic. Therefore, in addition to class 027 (DoIT), our software, equipment and equipment-related maintenance budget represents approximately **12% of our overall budget.**

- The **Job Training Fund** receives \$6,000,000 annually, which represents approximately **11% of our overall budget.** This fund provides support to employers and individual job seekers.
- The remaining **8% of our overall budget is comprised of general operating expenditures** such as telecommunications, postage, utilities, supplies, rent, building maintenance contracts, etc.

Approximately 3% is designated for training and subsistence payments to eligible participants under the Dislocated Worker Program.

- The Department submitted a budget of \$14,964,568 for SFY 2024 and \$15,269,313 for SFY 2025 in the category of personal services for permanent classified and unclassified staff. This includes 286 classified positions (of which 15 are unfunded this biennium) and 7 unclassified positions.
- The Department also included 36 full time temporary positions in the SFY 2024/2025 budget request in order to assist with continued elevated workloads for which above-base funding is anticipated.

Discussion of the \$6 Million Job Training Program:

- WorkInvestNH (WINH) - available to businesses located in New Hampshire and businesses intending to locate in the State, and who pay quarterly taxes into the NH Unemployment Trust Fund. This fund allows businesses an opportunity to upgrade their workers' skills. Workers who are either residents of New Hampshire, or who work at the entity or co-applicant that is located or intends to locate within the state, can receive training from the fund. A minimum 1:1 cash match is required.
- WorkNowNH (WNNH) - provides intensive case management services to individuals receiving Medicaid, Medicaid Expansion, SNAP or TANF.

WNNH is a program developed to provide participants with a variety of support to become work ready and to assist employers in filling their positions with those participants. NHES will work with eligible participants to connect those that are job ready with available job opportunities. For those that are not job ready, they will be offered the support they need to become job ready as quickly as possible.

- WorkReadyNH (WRNH) - a practical, 3-week, tuition-free professional development program provided through the Community College System of NH, both online and in a classroom setting, designed to meet the needs of job seekers and career builders by providing training in specific skills that

employers are looking for in their current and future employees. The program covers soft skills including effective communication, team building, problem solving, and decision making, as well as essential skills of adequate levels of reading and math, in order to be successful in the workforce.

- Since taking over the JTP in late 2019, NHES obligated/expended over \$3.6M via a total of 221 WINH contracts with NH businesses; processed over 2,300 payments totaling over \$3.5M in WNNH assistance payments, and \$2M for WRNH services.

Discussion of the Unemployment Compensation

Trust Fund:

- NHES administers both state and federal unemployment programs. As mentioned, over \$2B in total benefits was paid throughout the pandemic, the majority of which was through federally funded supplemental assistance programs.
- The Unemployment Compensation Trust Fund has been hovering around \$360M since 10/31/22, which is over \$60 million higher than prior to the pandemic.
- A total of 23 states were required to borrow more than \$55B from the US Treasury to cover benefits

paid throughout the pandemic. NH was not required to borrow from the US Treasury during the pandemic. As of 2/14/23, 6 states still have outstanding balances totaling \$27B (CT, NY, CA, CO, IL & VI).

- The trust fund balance is now higher and in better position than prior to the pandemic when the level was \$300M. This is due to forecasted growth resulting from historically low claim volume, employer base growth and additional infusions from Federal pandemic aid provided to state totaling \$109M.
- As a result of the growth of the Trust Fund, employers are already receiving reductions to their

unemployment insurance tax rates (-0.5%) effective with the 4th quarter of 2022 and continuing through this current calendar quarter. The tax rate reductions caused by growth in the trust fund are expected to increase to a full 1.0% reduction effective with the 2nd quarter of 2023. The initial tax rate reduction for the 4th quarter of 2022 and 1st quarter of 2023 will save employers about \$28 million in tax payments.

- I look forward to the next biennium and continuing to provide essential services to the people and businesses of New Hampshire.