

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF EMPLOYMENT SERVICES**



Fiscal Year 2022
Budget Oversight Hearing

Testimony of
Dr. Unique Morris-Hughes
Director

Before the
Committee on Labor and Workforce Development
Council of the District of Columbia
The Honorable Elissa Silverman, Chairperson

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John A. Wilson Building
1350 Pennsylvania Avenue, NW
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Good morning, Chairperson Silverman, members of the Committee on Labor and Workforce Development, committee staff, and everyone watching. I am Dr. Unique Morris-Hughes, Director of the Department of Employment Services (DOES), and I am pleased to testify before you today on Mayor Bowser's proposed Fiscal Year 2022 (FY22) Budget and Financial Plan.

Last month, Mayor Bowser presented her FY22 budget, entitled "A Fair Shot", which makes significant investments to provide relief, recovery, and growth for residents and businesses across all eight wards. At a time when the District still faces significant uncertainty, this budget continues the Mayor's mission to give District residents of all backgrounds and in all stages of life a fair shot by investing in health care, housing, opportunity, prosperity, and equity. This budget provides our residents with hope as we continue to overcome the recent economic and public health emergency.

The Mayor's FY22 fair shot budget makes historic investments in supportive services and programs that increase the quality of life for all District residents. Along with the DOES specific funding that I will discuss today, Mayor Bowser is investing in the supports necessary to create a just recovery, including:

- \$400 million to the Housing Production Trust Fund and \$42 million for project-sponsor vouchers to make housing deeply affordable to low-income residents;
- \$29 million to reimagine work-based learning in our high schools over the next three years; and
- \$11 million to support returning citizens with cash assistance, financial coaching, and peer navigators as they transition back into the community.

While each District agency has its own individual budget hearing, the overall budget is deeply interconnected and directly impacts the lives of residents. Investments across the budget, combined with those specifically targeted towards DOES' workforce development goals, help move the District forward and will help provide residents with a fair shot.

The Mayor's FY22 budget provides DOES with the resources needed to assist in the recovery and create growth opportunities for an equitable recovery across all eight wards and to take the next steps in implementing our "Vision Forward" plan for promoting the District's human capital; aligning workforce and education; creating equity and access; achieving excellence in service delivery; operating smart and effective systems; and providing best in class customer service.

Promote the District's Human Capital

To promote the District's human capital, the DOES budget includes significant federal funding for training to help residents fill high-demand jobs that will be essential as our economy recovers. Specifically, aligned with the District's overall inclusive workforce recovery strategy, the budget includes key increases for expanding paid opportunities to learn at work and an employer-driven training system:

- \$42,689,759 to expand subsidized employment through Project Empowerment and training through adult apprenticeship, youth apprenticeship, DC government apprenticeship opportunities, and the DC Infrastructure Academy.
- \$5,942,674 for a Rapid Reskilling Fund to provide 700 residents without a bachelor's degree the opportunity to pursue training programs for high-demand occupations, which

will create a surge in the credentialing necessary to fill high-demand occupations at a time of increased need.

Additionally, through the Coronavirus Relief funds from the American Rescue Plan Act, \$3,802,548 will be added to expand Project Empowerment as part of Building Blocks DC to provide tailored support and workforce opportunities. These investments in transitional employment and workforce programming focus on providing opportunities to residents hardest hit by the pandemic and demonstrate the Mayor's commitment to equity and ensuring DC residents have the support they need to re-enter the workforce. Through our support, District residents will be ready for the new jobs created by our economic recovery.

Align Workforce and Education

The local budget continues the Mayor's commitment to training and education with an increase of \$120,000 to support the Gender and Racial Equity Construction Apprenticeship Programs. The local fund proposal also includes a one-time increase of \$116,500 for the local match for the Federal Apprenticeship Expansion grant. This funding expands apprenticeship programs to include historically underrepresented groups, encouraging more District residents to take advantage of these programs. Additionally, \$6,453,755 is invested to add 4,200 seats to the Marion Barry Summer Youth Employment Program for FY22 as part of our Earn and Learn model.

Achieving Excellence in Service Delivery

DOES also remains committed to achieving excellence in service delivery. Our proposed local funds budget also includes an increase of \$160,000 for the First Source Online Registration and Reporting System (FORRS). As you are aware, the FORRS system is used to track First Source

projects and compliance. The upgrades funded through this budget will provide DOES staff and contracting agencies with greater tracking and monitoring capabilities to ensure that First Source projects remain compliant.

Operate smart and effective systems

Along with the customer focused system changes I've already mentioned, the proposed budget also includes two capital investments that will increase the agency's efforts to operate smart and effective systems. First, \$580,000 is being provided to support the ongoing DataWorks project. DataWorks is a multi-year project to improve, standardize, and modernize DOES' data management and data use practices. And second, the capital budget also includes a \$2,300,000 investment to condense multiple youth program operating systems into one centralized easy to use interfacing web tool. The benefits of this will include increased productivity, a more user-friendly experience for youth and their parents, and greater compatibility across mobile devices.

Additionally, \$1,735,000 in capital funding is being invested to replace outdated network infrastructure through the DOES headquarters building. The infrastructure will support the growing number of wireless devices used by staff and customers at DOES in trainings and meetings and allow for increased efficiency.

Provide Best in Class Customer Service

As part of our commitment to best in class customer service and our understanding that many of our residents are still struggling with the impacts of the public health emergency, DOES continues its work to modernize our unemployment systems. The tax system modernization is continuing and we will be conducting user acceptance testing this summer with the goal of

launching the new system in the early fall. On the benefits modernization side, our team completed the technical evaluation panel review of the contract bids in February and made a contractor selection. The proposed contract with the selected vendor, Geographic Solutions, Inc., was filed on May 28, 2021 and is pending Council approval.

Budget Support Act

In addition to the budget proposal, the Mayor has also proposed three vitally important budget support act subtitles related to DOES.

The first, the Apprenticeship Fines subtitle, would change the law to direct the funds collected from fines of contractors and subcontractors that do not comply with the District's apprenticeship program requirement to DOES. Through this change, the fines can be used to expand our apprenticeship program and serve more District residents.

The other two subtitles address the Paid Family Leave Fund ("the PFL Fund"). Working with the Office of the Chief Financial Officer (OCFO), the District has identified a \$400 million surplus in the PFL Fund through fiscal year 2022. COVID-19 has changed our world and forced us to rethink the work that we are doing. As DOES does our part to promote and ensure an equitable and inclusive economic recovery, we felt it was important that we take a balanced approach to utilizing this surplus and recommend policies to support families as they recover and return to work as well as supporting businesses impacted by the pandemic. As a result, the Mayor has created a coordinated and comprehensive policy proposal grounded in maternal health and providing benefits to District residents that need them. We are proud of the how these budget support act proposals would utilize this surplus to:

- Expand paid family leave benefits for District workers,
- Provide District businesses an important tax break as they continue to recover,
- Bolster our depleted unemployment trust fund, and
- Re-allocate money to the general fund to allow for innovative recovery programs.

More specifically, the subtitle would amend the Universal Paid Leave Amendment Act to dramatically expand benefits for our District employees by creating two new benefit categories: prenatal leave and leave for recovery from domestic violence, sexual abuse, or stalking.

First, the new prenatal leave benefit would provide pregnant women with two additional weeks of leave prior to the birth of their child. Notably, pregnant women would be able to use these two weeks *in addition* to the eight weeks of leave they are currently entitled to for bonding after the birth of their child.

Second, the leave for recovery from domestic violence, sexual abuse, or stalking would allow eligible workers to take paid time off from work to seek legal, law enforcement, or other victim assistance and remedies, including medical treatment, counseling and victim services. The two weeks of benefits would be available during or following domestic violence, sexual abuse, or stalking incidents and help ensure that victims can get the help they need without sacrificing their job or economic stability. Currently, the OCFO has only identified funds for these benefits for one year. In response, the subtitle requires the Chief Financial Officer to submit a report to the Mayor by March 31, 2022 analyzing whether the PFL Fund includes sufficient funding to continue these benefits past September 30, 2022.

Along with these new benefits, we are using the PFL Fund surplus to provide our District businesses a badly needed tax break, as all businesses have been hit hard by the COVID-19 public health emergency. The subtitle would lower the PFL tax rate in FY22 for covered employers from

0.62% to 0.27%, providing an important boost to our recovery without sacrificing funding for benefits.

The proposed budget support act also authorizes the transfer of \$114 million from the PFL Fund to the UI Trust Fund. The pandemic hit District worker's hard and many lost their jobs and livelihood. We are grateful that we have a solvent fund to lean on during this emergency. The proposed transfer will help the District avoid an FY22 federal UI loan and defer UI tax increases until 2023. We believe that these provisions, along with the transfer to the general fund, are the most equitable way to use the PFL fund surplus to further the District's economic recovery while serving our residents and workers.

We appreciate the opportunity to share our accomplishments and plans for continuous improvement and look forward to continuing to work with this Committee. The Mayor's "A Fair Shot" budget continues our commitment to residents and will further the goals of DOES' Vision Forward plan. This concludes my testimony. I am happy to address any questions that you may have at this time.