

# Potential October 1, 2013 Federal Government Shutdown

## Connecticut Department of Labor

### Impact Statement

#### **Financial Risk**

- The Payment Management System (PMS) operated by the Department of Health and Human Services (HHS) will remain available for existing grantees. However, if technical problems occur with the PMS, technical assistance might be limited.
- CTDOL will take maximum advantage of the federal cash that is available in our accounts to meet agency payroll and make vendor payments. There will be no immediate need for office closings or reduced hours at CTDOL job centers and call centers.
- We are being told by USDOL that if the budget or continuing resolution is not made retroactive to October 1 by Congress that expenses incurred by CTDOL will not be federally funded. We believe this risk to be minimal.

#### **Unemployment Insurance (UI)**

- Regular Unemployment benefits to the unemployed will continue. Funding for benefits to ex-federal employees (UCFE), ex-military (UCX), and Disaster Unemployment Assistance (DUA) will continue.
- No new administrative funding for UI will be issued by USDOL to CTDOL after September 30 until Congress passes a FY 2014 budget or continuing resolution. States will be allowed to draw down on unspent balances from FY 2013 and prior fiscal years.
- Title XII advances to states that are borrowing from the federal government to pay Unemployment Benefits will continue (CT is not currently borrowing to pay UI benefits).
- Federally funded unemployment benefits for the Emergency Unemployment Compensation (EUC) program will continue to be paid with a 19.2% reduction through the week ending 11/2/13 due to federal sequestration. After that, EUC benefits will be paid at the unreduced rate.
- EUC administrative funds will continue to be made available although a 7.2% sequestration reduction will be applied. Currently, the EUC program is scheduled to expire on December 31, 2013.
- USDOL will continue to publish the UI Weekly Claims Report.

#### **Employment and Training**

- Wagner-Peyser funding for the CTDOL Employment Service remain available for drawdown at sequestered levels.
- Funding for the Workforce Investment Act (WIA) Youth program remains available for drawdown at sequestered levels.
- New allotments for the WIA Adult and Dislocated Workers programs, which normally are made on October 1, will not be made to states until Congress passes a budget or continuing resolution for FY 2014. Carry in funds can be used, but these are limited.

- The state's five Workforce Investment Boards (WIB's), which are CTDOL's WIA sub-grantees, are already operating at a reduced level of funding in FY 2014 due to the sequestration. The WIB's are dependent upon the federal WIA funding draw downs made by CTDOL in order to maintain continuity of operations. There is real concern that federal funding will run out in the event of a protracted federal government shutdown. Each of the WIB's are individually assessing their fiscal situations and making their own contingency plans. Federal WIA funding will be drawn down for the WIB's based on availability.
- Federal Trade Adjustment Assistance (TAA) funding has been issued to the states and can continue to be spent and drawn down during the shutdown period. TAA petitions to extend the program to new groups of dislocated workers can continue to be filed with USDOL, although there will be no one there to receive them.
- No new Veterans Employment Training funding will be made available until a budget or continuing resolution is passed.
- The Job Corps centers will remain open.
- USDOL will take no action on pending National Emergency Grants (NEG) except for disaster applications.

#### **OSHA**

- New allotments normally made on October 1 will not be made until Congress passes a budget or continuing resolution for FY 2014. Since OSHA is state appropriated, it is anticipated that the revenue loss to the state will be temporary.