

- 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, all of which receive support from Federal grants.

- The Department continues to draw down appropriated funds from these federally financed workforce programs without any interruption or

delay. However, we have received notice that all these programs are being reviewed to determine any potential conflict with the Administration's executive orders. We do not know whether this review will result in changes. We bring this up just to make you aware that without these grant dollars, we will not be able to administer these programs, at least to the extent we currently administer them.

- In addition to the federal grant dollars, the Department also receives supplemental funding from New Hampshire businesses in the form of a 0.2% set aside of employer paid state unemployment taxes (RSA 282 A:87). These funds fill in the gap left by current federal grants for administering these programs. In addition, these

employer taxes also provide \$6M annually for the Training Fund administered in connection with the Job Training Program, RSA 282-A:181.

- Without these employer taxes, the state would only be able to maintain 6 of the 12 NH Works offices.
- It is at these locations that the Department offers a variety of services to claimants, job seekers and employers. Therefore, personal service and benefit costs comprise the largest portion of our overall budget.
- **Personnel-related costs** comprise approximately **61% 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 federal funding for NHES.
- The total number of Full-Time NHES staff is currently at 282.
- The highest point of staffing reached during the pandemic was 355 equivalent positions in April 2020.

- 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 than during the prior decade combined.
- **Department of Information Technology (DoIT)** costs comprise approximately **12% of our overall budget**. With this budget, NHES supports approximately 23.2 full-time equivalent DoIT positions: 16 embedded within NHES.

- NHES relies heavily on **technology** to administer all our programs but most importantly the unemployment insurance program. Therefore, in addition to class 027 (DoIT), our software, equipment and equipment-related maintenance budget represents approximately **10% of our overall budget**.
- The **Job Training Fund** receives \$6,000,000 annually, which represents approximately **10% of our overall budget**. This fund provides support to employers and individual job seekers.

- The remaining **7% of our overall budget is comprised of general operating expenditures** such as telecommunications, postage, utilities, supplies, rent, building maintenance contracts, etc. as well as assistance payments under the **Dislocated Worker Program** NHES administers via MOU with NH Business and Economic Affairs.

- Beyond the Unemployment Program, NHES also plays a significant role in connecting hiring employers and available workers including:
 - NHES is the provider of the most job fairs in the state, both virtual and in-person, in partnership with NH Business and Economic Affairs and the Community College system.

- NHES also provides employers with the opportunity to conduct small scale recruitment events in any of the local NH Works offices.
- NHES maintains the state's labor exchange where employers are able to recruit for open positions and job candidates search for work.
- NHES also provides the NH Jobs Portal as a simple and quick recruitment portal for candidates to quickly connect with hiring employers.

- Additionally, NHES has been charged with administering the Job Training Fund since 2019 and with the \$6 million annual allocation from employer unemployment taxes is able to provide the following programs:
 - **WorkInvestNH** which provides 50% reimbursement to NH employers for costs associated with delivering training to existing NH workers.
 - **WorkNowNH** which provides financial supports and 1-on-1 job readiness services for individuals enrolled in Medicaid, Medicaid Expansion, TANF or SNAP.

- WorkReadyNH which is available at all community college system campuses providing job readiness training and professional skill enhancement for NH residents.

- Since taking over the Job Training Program in late 2019, NHES has expended over \$6.8M for 405 WorkInvestNH grants to support NH employers in delivering training to their workers; over \$6.2M in WorkNowNH assistance to help individuals prepare for and secure employment, and \$3.6M for WorkReadyNH.

- Also, as part of the Department's role in administering the state's unemployment program, we also are responsible for managing New Hampshire's Unemployment Compensation Trust Fund out of which unemployment benefits are paid and into which employer unemployment taxes are deposited.

- The Unemployment Compensation Trust Fund has been hovering around \$390M since April of 2024. This is about \$100 million more than prior to the pandemic.

- Several factors are responsible for this healthy solvent state of the trust fund:

- New Hampshire continues to experience low unemployment claim volume.
 - We have experienced about 19% growth (+nearly 9,000) in registered employment establishments since prior to the Pandemic.
 - New Hampshire has grown it's workforce by 4.5% or about 25,000 additional jobs since before the Pandemic.
 - Also, the Trust Fund received about \$109M in Pandemic funding.
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- New Hampshire has been able to grow the Trust Fund to historic levels, all while maintaining the lowest average unemployment tax rate in over 30 years and one of the lowest unemployment tax burdens in the country.

- Lastly, while not necessarily a budget related item for the department, it is important to note that we continue to partner with the Department of Administrative Services in administering the state's voluntary Paid Family and Medical Leave Program.
- This currently provides paid leave coverage to nearly 24,000 New Hampshire workers.
- This coverage is available to all New Hampshire employers and all New Hampshire workers.

**New Hampshire Department of Employment Security (NHES)
Hearing on Agency Budget Request FY 2026/2027
Friday, February 21st @ 2:15pm Legislative Office Building Room 212**

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