



**Written Testimony of Acting Secretary Jennifer Berrier
Department of Labor & Industry
Before Senate Appropriations Committee
April 8, 2021**

Chairman Browne, Chairman Hughes, members of the Appropriations Committee, and other invited legislators, thank you for the opportunity to speak with you today about Governor Tom Wolf's proposed budget for the Department of Labor & Industry (L&I) for fiscal year 2021-2022.

Throughout his tenure, Governor Wolf has worked tirelessly to protect the interests and well-being of hardworking Pennsylvanians and their families. This is especially true in the past year, as the Governor has led this Commonwealth through the COVID-19 pandemic, a global crisis that has caused hardship on Pennsylvania workers, families, and businesses like no time since the 1930s. Governor Wolf's proposed budget confirms and strengthens his commitment to serve, support, and empower the people of Pennsylvania by building the most resilient workforce and the most dynamic state economy in the nation.

In collaboration with state agency partners, businesses, entrepreneurs, labor organizations, advocates, apprentices, and workers from all walks of life, L&I will continue to respond determinedly to the needs of Pennsylvanians through this COVID-19 crisis and strengthen our workforce development system through strategic investments and innovative partnerships.

For the 2021-2022 budget, the Department's request represents an increase in state appropriations of about 0.08 percent, or an increase of \$65,000 from the previous year, for a total state funding request of \$79,008,000. This request represents less than 1 percent of the overall state budget. State funds account for less than 6 percent of L&I's total funding. Federal dollars and other dedicated funds support most of the agency's work, but state funds are foundational to advancing this Department's efforts in enforcing state laws and spurring job creation. Without those state dollars, we would not be able to:

- Provide, expand, and improve unemployment services;
- Ensure workplace safety;
- Enforce our labor laws that protect workers, businesses, and consumers and ensure that law-abiding businesses thrive in a fair economic system;
- Construct an ecosystem of opportunity for hardworking Pennsylvanians and their families, and, in particular, our fellow citizens with disabilities; and

- Leverage the maximum amount of federal dollars possible to train the resilient workers, empower the dynamic businesses, and build the industries that make up our Pennsylvania economy.

This budget request also includes an increase of about \$220,000 for General Government Operations (GGO), which will go directly towards supporting deafblind Pennsylvanians throughout the commonwealth. Otherwise, the GGO line item is flat funded from the 2020-2021 request.

As you know, I assumed the role of Acting Secretary in December 2020 and am the fifth woman to serve in this role as secretary. It's also not lost on me that I am one of 10 who have experience working at this agency prior to assuming the Secretary role. I started my career in public service as an attorney in the chief counsel's office and eventually transitioned into an administrative role to lead the Bureau of Occupational and Industrial Safety and, most recently, serving as Deputy Secretary of Safety and Labor Management Relations.

For me, the mission of this department is personal, and not just because I have spent most of my career here. When I began working for the commonwealth, I had a second job to make ends meet. I worked my way through college and law school. I know what your body and mind feel like after a double shift. I know the anxiety that comes when the calendar page turns over, bills are due, and money is tight. But, all in all, I know I am one of the fortunate ones. Many others have had to taste the bitter fruit of hopelessness that comes from facing great economic uncertainty for so long. I have seen it consume people for whom I care deeply, as I know many of you have, too, especially during the last year. It drives me, as I know it drives the public servants of Labor & Industry.

The economic changes wrought by the pandemic exposed the precarious footing that many Pennsylvania workers balanced their livelihoods on prior to March 2020. Families with children were suddenly forced to reckon with the lack of childcare, while simultaneously expected to do their jobs. Mothers have faced the brunt of this consequence, and evidence shows unemployment levels continue to be higher for women than for men compared to the pre-pandemic baseline. Communities of color have disproportionately experienced joblessness and economic hardship, because they disproportionately work in occupations and industries affected most by the pandemic. The needs of our aging population – Pennsylvania has the eighth largest percentage of residents over 65 – have come front and center, and we realized the critical need for more direct care workers to support our elderly population. When customers took shelter from the virus, workers in the retail, hospitality and leisure industry faced enormous setbacks as their income was reduced or altogether eliminated.

These events, of course, did not happen gradually, as part of a so-called “normal” recession. Instead, they seemed to come crashing down all at once. L&I staff found themselves on the frontlines of the public health response as they helped furloughed,

laid off, and out-of-work employees access the safety net for unemployed workers through the administration of the Unemployment Compensation (UC) program. While they addressed that tidal wave of regular UC claims, UC staff also implemented federal legislation to establish five new unemployment programs, one of which, PUA, served a population of workers – independent contractors and gig workers – who previously had no formal interaction with the UC system. Before COVID-19, Pennsylvania’s UC staffing and funding levels were formulated for record-low unemployment. The abruptness of the pandemic’s economic impact caused unemployment levels to spike, UC claims to skyrocket, and the number of unemployment programs our staff administered to increase from one to six distinct but interconnected programs – each with their own regulations, eligibility requirements, benefit policies, and IT infrastructure that needed to be built from scratch. Whereas during the 2009 Great Recession, Pennsylvania’s unemployment rate doubled over 29 months, in 2020, the unemployment rate more than tripled in just two months. The 1.1 percent increase in the commonwealth’s unemployment rate between February (4.7 percent) and March 2020 (5.8 percent) was the largest month-over-month increase on record at the time. The month-over-month increase between March and April 2020 (16.1 percent) was nine times higher.

Put another way, during the Great Recession, L&I had 34 months, or 1,034 days, to adjust and address the unemployment crisis from valley to peak; during this pandemic, L&I had just two months, or fewer than 60 days, to absorb the impacts from an unemployment rate nearly two times graver than during the worst days of the Great Recession. This month marks just over one year since the surge began. In that time, L&I has processed nearly 5.4 million new unemployment claims for regular UC and the new federal Pandemic Unemployment Assistance (PUA) program: that is about as many new claims as the previous nine years combined (2011-2019).

COVID-19 forced this department to adapt quickly to serve Pennsylvania workers and businesses in their time of greatest need. Within five business days of the closure of commonwealth office buildings on March 16, 2020, we shifted approximately 94 percent of our workforce to home-based operations on secure, virtual platforms. We transitioned our services to be delivered virtually, wherever possible, to mitigate against the spread of COVID-19 and protect the people we serve as well as our public servants. We automated manual processes and implemented new technologies to optimize our performance levels during the pandemic. Nothing about this came organically to us. However, by relying on years of experience, finding innovative workarounds, and pushing through with dedication and sheer grit, I am proud to say this department and its hardworking staff helped move Pennsylvania forward in the right direction.

We moved Pennsylvania forward by disbursing over \$39 billion in unemployment benefits to eligible Pennsylvanians since March 15, 2020, the most effective anti-poverty measure the commonwealth employed during this pandemic. For context, \$39 billion represents about 5 percent of Pennsylvania’s total gross domestic product (GDP) in 2019. That’s \$39 billion that went right back into Pennsylvania’s economy, as families paid mortgages and rent; bought food, medicine, and new shoes for their kids; and began the hard labor of getting back to work. We accomplished this by doubling our

customer service levels, responding to over 250,000 online chats, nearly 1.3 million calls, and nearly 2.5 million emails. We surged hiring for full-time staff in UC and brought on board additional support from other agencies and contractors. Today, we have about 1,700 individuals supporting the UC Service Centers, about a 120 percent increase since March 15, 2020, and have plans to bring on an additional 500 contractors to enhance our customer service levels. We know your legislative staff have been on the front lines with us, fielding calls from anxious claimants, and we are grateful for their help in advocating for their constituents as we know it's not always easy to listen to their stories. We leveraged Artificial Intelligence (AI) technologies through Paula, our virtual assistant, which to date has addressed about 9.1 million conversations so far. We listened to feedback from our customers, offering callback features and are currently developing texting capability to make it easier for them to connect with us.

We moved Pennsylvania forward by working decisively to combat fraudsters' attempts to steal money from the federal PUA programs. We implemented front- and backend fraud detection measures and worked hand in hand with state and federal law enforcement to deter and catch fraudsters. We worked with an external vendor to sort through over 900,000 PUA claims that were marked for fraud, ascertained that about 14 percent of those were legitimate, and got those real people the money they deserved while continuing to target the fraudsters. We alerted Pennsylvanians, stakeholders, and the media about these attempts, especially when fraudsters were potentially using identities previously stolen from outside L&I to illegally attain PUA benefits.

We moved Pennsylvania forward by strategically and thoughtfully responding to the public health and economic impacts of COVID-19. This included coordinating outreach to customers that filed initial UC claims with a tailored menu of workforce services and training. We anticipated that the negative impacts of the digital divide would be felt even more acutely in both urban and rural communities across the commonwealth and urgently released a Digital Literacy Grant to bring public computing and training labs in "digital deserts" across the state. We opened applications for \$7 million in funding for Pennsylvanians with partially completed degrees or credentials in gaining the skills or training they need to get good jobs. We leveraged federal grant monies to implement social distancing measures at each PA CareerLink® site, expand Wi-Fi coverage, and modify service delivery to ensure the safety of our customers and employees. We deployed funding to engage AmeriCorps members in the commonwealth to join the newly established Commonwealth Civilian Coronavirus Corps to support contact tracing and conduct public health education. While we could not predict what would happen next with COVID-19, we took steps to make sure our customers were supported, and their needs were served even while their environments – and ours – were shifting beneath our feet.

This past year has seen unprecedented – and I know that word is overused, but it remains appropriate – changes for this commonwealth. It is impossible to anticipate the

scope and frequency of future crises of this or similar magnitude, as the last of its kind occurred over 100 years ago from 1918-1920 in the form of the Spanish influenza. However, there are things that we can do, smart policies we can enact now, to ensure Pennsylvania's workers and businesses are better prepared and can quickly adapt to whatever the future may bring.

The Governor's "Back to Work PA" plan directly puts investments into areas to address economic inequities, support workers impacted by the pandemic, bolster high-demand occupations, and create high-quality jobs with family-sustaining wages. L&I understands we have a key role to play working with other peer agencies.

We will make further investments in programs to enhance digital literacy skills that job seekers need to navigate the new economy. We will expand our pilot to rapidly connect UC claimants and other workers recently displaced by the pandemic with reskilling, upskilling, and other workforce training opportunities. We will offer individualized career coaching through our PA CareerLink® system and promote skill-based hiring. We will make improvements upon a proven apprenticeship model that is the envy of peer states and build a diverse pipeline into high-priority occupations like healthcare, manufacturing, and IT. These solutions do not require a crystal ball or messages of warning borne by travelers from the future. The immediate, short-term investments we make for Pennsylvania's workforce now can create long-term resiliency that will help to insulate both individuals and the commonwealth from a crisis like this in the future.

As legislators of this commonwealth, you know as well as I that Pennsylvanians are tough and resilient by nature. However, the potential for Pennsylvanians to thrive and contribute to our society is hindered by the substandard and unstable conditions we ask them to stand on today. It is time we raise the minimum wage to support hardworking Pennsylvanians and give them the best opportunity for a path to prosperity and success.

I can talk about how every other state that borders ours has a higher minimum wage or how in 2021, in the middle of a pandemic, 20 states already have increased their minimum wage. But I think what this pandemic brings into clear focus is the impact that raising the minimum wage would have in improving the lives of our essential workers, essential workers like your family members, neighbors, and friends, who have been on the frontlines of this pandemic for almost a year. We owe them a tremendous debt of gratitude for showing up to work, stocking the grocery shelves, and taking care of our loved ones while we were safe at home. Raising the minimum wage is the right thing to do for our workers and businesses and the smart thing to do for our economy.

Prior to becoming Acting Secretary, my primary focus was on overseeing labor laws, labor mediation, occupational and industrial safety, and disability determinations. On occasion, that work intersected with the other program areas that L&I oversees, including workforce development, UC, vocational rehabilitation, and workers'

compensation. Over the past four months, I have listened intently to L&I staff, legislators such as yourselves, and our many stakeholders. These conversations have informed my thinking about the work we have done and the work that needs to be done to meet the needs of millions of Pennsylvanians who depend on our programs.

Indeed, much has changed at Labor & Industry since my predecessor spoke with you last February, but our commitment to serving the people of this commonwealth remains resolute. While the women and men of Labor & Industry have served the people of Pennsylvania through this crisis, we have adapted, we have learned, and we are pivoting to focus on the future and how to help build robust and responsive systems of service that give Pennsylvania workers and businesses the tools to be resilient and successful in the years to come.

We ensure Pennsylvania apartments, offices, elevators, boilers, and schools are safe to operate and safe from hazardous materials like lead and asbestos. We safeguard the stuffed toys your children and grandchildren play with. We make sure that the pay you are promised is the pay you receive and that you receive it on time and as scheduled and your labor is compensated according to the laws of this commonwealth. We work to understand and anticipate the changes in the economy and labor market with data so that we can equip Pennsylvania workers and businesses to be ready to seize the opportunities that lie just over the horizon. We ensure insurance coverage for employees who are injured in the workplace. We help people with disabilities find viable pathways to employment, including about 7,000 in fiscal year 2020-21. We encourage community service through 1,300 AmeriCorps members who make active contributions in local communities across the commonwealth.

I am incredibly proud of the public servants who have kept these programs – and so much more – running through this pandemic, including the many who have sacrificed their weekends, evenings, and holidays to make certain we meet our mandates and serve those Pennsylvanians most affected by this pandemic.

We know there is always room for improvement. This department welcomes feedback, takes it constructively, and does not shy away from hard work. The women and men of L&I work here because we know, sometimes through personal experience, the vital services and protections provided by it. Our UC claims representatives work longer hours around the holidays, because they know that if they can process one more claim before going home to their families, it means one more family might have a happier Christmas. And when the state began to shut down last year because we didn't know where or how fast COVID-19 was spreading, and we asked for volunteers to physically go into the UC Service Centers to answer the phones and process the claims of a rising tide of unemployed Pennsylvanians, *more people volunteered than were needed*. That, I think you will agree, is the best of public service: the instinct to move towards danger when people are in need.

To be sure, some of the changes to our workforce and in the workplace brought on by this pandemic are here to stay. Like many businesses, for example, L&I has identified

potential cost savings and significant workflow efficiencies thanks to the rapid transition to work from home effected in the spring of 2020. Remarkably, we collectively have had greater output than at any point in the history of this agency while doing it remotely. L&I is now well into its second century of existence. Many of the needs that led to the creation of this Department in 1913 persist today and other new needs have emerged throughout our history. We look forward to addressing the needs of our fellow Pennsylvanians both now and in the future.

Chairman Browne, Chairman Hughes, and members of the General Assembly, I thank you for the opportunity to testify on behalf of this agency. I have no doubt that working together, Pennsylvania can achieve a budget that will support workers and businesses during this challenging period in our history. Executive Deputy Secretary Bob O'Brien and I are ready to take your questions at this time.

Senate Appropriations Committee Budget Hearing with L&I

4/8/21, 10:30 a.m., Senate Floor

By Harrison Cann and Matt Hess, Pennsylvania Legislative Services

The committee held a budget hearing with the Department of Labor & Industry (L&I), represented by:

- Jennifer Berrier, acting secretary, and
- Robert O'Brien, executive deputy secretary for administration.

Chairman Browne began by noting that the governor's request for L&I is \$79 million for fiscal year 2021-2022, up from \$78.9 million last year. He stated that L&I is mostly funded by other sources, including the federal government. He added that the total funding request for L&I is \$1.3 billion, a reduction from \$1.4 billion last year.

Sen. Bartolotta, chairman of the Senate Labor and Industry Committee, remarked that 2020 was a "truly unprecedented experience for everyone." She thanked the department and their staff for stepping up to create the Pandemic Unemployment Assistance (PUA) system that had never existed before. She recognized how difficult it was to "scramble in the face of a worldwide pandemic," especially when dealing with a "dysfunctional" computer system that struggled prior to the pandemic. She said she is "optimistic that with the new system coming online soon, a lot of these challenges will be alleviated by the customer-friendly system." She asserted that the "failures" of the governor's administration put everyone out of work and created a "tsunami" of people needing unemployment compensation (UC). She continued that every legislator was getting calls from people "pleading for help."

Sen. Bartolotta highlighted that the Pennsylvania UC rate is 7.3 percent, which is more than one percent higher than the national average and tied for 10th worst in the nation. She stated that she "constantly" sees openings for positions that are not being filled. She asked what L&I is doing to connect job seekers with employers. Sec. Berrier responded that she appreciates the thanks for her team. She said L&I has done "an incredible job with the task they were faced with." She noted that low-wage workers were the largest impacted group when the pandemic began, and that while there are openings out there, many of the positions require specific skills. She stated that L&I's job is to upskill and reskill dislocated workers to get them trained and educated in industries that are hiring. She added that L&I has the Center for Workforce Information Analysis, which works with local CareerLinks to identify high-priority occupations. She said she encourages partnerships with education institutions to bridge skill gaps as well. She continued that L&I also recently put out grant opportunities for digital literacy because that is a problem in both rural and urban areas.

Sen. Bartolotta reported that L&I has a contract with InspiriTec, which prioritizes hiring individuals with disabilities and veterans, to bring on 500 individuals to support UC call centers. She asked when L&I expects those individuals to start and how many individuals L&I is looking to hire. Sec. Berrier responded that right now L&I has 250 individuals getting trained on April 19 with the hopes of them starting in May. She added that another phase of 250 individuals will begin training around that time because they do not want to overwhelm their training staff. Sen. Bartolotta asked how much the contract is for and what funds are being used to pay for the staff. Sec. Berrier responded that she would have to get back to her with more information. She stated that it will depend on how many individuals they bring on board, noting that their initial estimate was to have between 500 and 1,000 additional staff. She reported that L&I is using federal relief funds to pay for the hires. Sen. Bartolotta asked if it is a one-time expense. Sec. Berrier responded that is correct. Sen. Bartolotta asked how long the contract is. Sec. Berrier responded that they are weighing that based on need and funding, but that they are hoping to train individuals to provide them a career pathway within the department. Sen. Bartolotta commented that those are one-time funds so if L&I is unable to pay for them, the employees need to understand their jobs are not being cut by the state. She said they need to recognize that this is not an ongoing position but a fix to the emergency situation.

Sen. Bartolotta asked if there are any performance matrixes to judge the success of the program. Sec. Berrier responded that she will have to get back to her with more information. She stated that they do

monitor performance closely. She added that they are bringing on more individuals to answer the phone and provide customer service in order to allow more seasoned UC employees to work directly with claims. Sen. Bartolotta stated that "people just want an answer," adding that having a real person to answer the phone will alleviate some of the frustrations. She noted that she wants to ensure legislative staff is able to take down the right information and provide it to the UC office. She reiterated that she appreciates the department's work to "tackle a mountain of issues," and she hopes they can help as many people as possible as quickly as possible.

Sen. Tartaglione, minority chairman of the Senate Labor and Industry Committee, thanked L&I and its staff for "going above and beyond" this past year. She asked Sec. Berrier to explain the new benefit modernization system rollout. Sec. Berrier responded that the benefit modernization system has been undergoing updates for a while. She noted that following the contract with IBM, L&I went through a competitive bidding process in 2017. She explained that the new system was set to go live last spring but was pushed off because of the pandemic. She said, "because of the wave of claims" coming in, L&I's resources "needed to be directed elsewhere." She announced that the new system is about 92 percent completed and that L&I anticipates it going live on June 8, which is "extremely exciting." Sen. Tartaglione remarked that the current system is 40 years old. She asked about the UC trust fund and how much has been borrowed from it. Sec. Berrier responded that it was a "kick in the gut" but that Act 60 was successful. She noted that there is \$48 million in the balance and that the commonwealth has paid \$931 million since last March. She added that the state has borrowed \$1.4 billion in interest-free loans and she expects those numbers to increase as the state gets out of the pandemic. She explained that this is a national issue and that there have been discussions about how the loans may be forgiven for states. However, she stated, they may find themselves in a position where legislation similar to Act 60 is needed.

Sen. Tartaglione asked how many UC claims have been filed to date. Sec. Berrier responded that since March 15, 2020, L&I has handled more than 6 million initial claims, which is more than it handled in the nine years prior. She noted that there were 4.65 million other claims, 2.09 million under UC and 2.55 million under PUA. She added that Pennsylvania has paid out more than \$39 billion across its six programs. Sen. Tartaglione shared national data stating that Pennsylvania's improper payment rate was 8.6 percent, compared to the national average of 9.2 percent. She added that the data also shows Pennsylvania having 60 percent timeliness in first payments, compared to the national average of 63 percent. She asked what system improvements L&I is looking to implement. Sec. Berrier responded that those numbers highlight the hard work of the staff. She stated that going live with the new benefits system will create improvements throughout the UC program and documentation process. She noted that everything in the new system is electronic, which allows for quicker collection of information from both claimants and employers. She added that L&I is now up to 1,700 employees. She stated that prior to the pandemic, L&I was "understaffed even for a time of low unemployment," with 775 employees.

Sen. Tartaglione asserted that the minimum wage discussion has to happen today. She remarked that raising the minimum wage is her top legislative priority, noting that the buying power of the minimum wage is at one of the lowest levels since it was created. She noted that in 1968, when the minimum wage was at its peak buying power, it would equate to a \$12 an hour wage today. She added that a minimum wage worker in 1968 would have to work seven years to earn enough to buy a house, whereas today's minimum wage worker would have to work 23 years. She continued that in 1968, a week and a half's worth of wages for a minimum wage worker would cover the average monthly rent. However, she said, today's minimum wage workers need three and a half weeks of wages to cover the average rent, leaving half a week's worth of wages to cover their food, transportation, health care, child care, and more. She asked how many Pennsylvanians would be impacted by the minimum wage being increased to \$15 an hour, and what percentage of the workforce that is. Sec. Berrier responded that about 1.1 million Pennsylvanians, or 27 percent of the workforce, would be impacted. Sen. Tartaglione asked what percentage of single parents make minimum wage and how much they make compared to the federal poverty threshold. Sec. Berrier responded that 22 percent of people making minimum wage are parents, and that is "important to keep in perspective."

Sen. Mensch stated that he did not realize the UC computer system was 40 years old. He said that is a "scary prospect" and that it was "irresponsible" of previous management to let that happen. He noted that

over the last seven years, the legislature has approved \$806 million for systems upgrades, and yet L&I is still using "cave-age computing" systems. He asserted that L&I needs a "real turnaround" to understand and focus on the individuals they are meant to serve. He asked why Pennsylvania "never comes close" to the national average for UC benefits. Sec. Berrier responded that Pennsylvania was at the national average several months ago, but that February is where fluctuations are seen from seasonal unemployment. She stated that the uptick around this time of year is expected. Sen. Mensch asked how successful L&I's industry partnerships are. Sec. Berrier responded that the next generation partnerships get industry clusters together to train individuals to meet those sectors' needs. She stated that they recently awarded \$4.7 million to industry clusters in health care, construction, financial services, manufacturing, hospitality and retail, and technology, and that she hopes they can build out similar grant programs to meet workforce needs. Sen. Mensch asked if there is overlap between their programs and the Department of Community and Economic Development's (DCED) workforce programs. Sec. Berrier responded that the governor's workforce command center brings together agencies to "break down siloes" and ensure there are not any duplicative services.

Sen. Kearney echoed previous comments thanking the department and its staff for their work. He said the UC process has been "incredibly frustrating" for many, including legislative staff answering calls. He noted that prior to the pandemic L&I had a legislative liaison to interact with staff. He asked if there is a plan to reestablish that partnership. Sec. Berrier responded that the legislative database establishes with capitol offices has been one of their successes. She noted that during the pandemic there was an eight-week waiting period for staff to get answers from L&I but that now the database has just a three-day waiting period. She added that she hopes to get back to a more personal service but that they are making progress. Sen. Kearney stated that frustrations go beyond long waits, noting some constituents who cannot get payments because their claim was referred to an examiner.

Sen. Kearney asked Sec. Berrier to explain the UC process and its timeline. Sec. Berrier responded that process has been an issue. She explained that issues may arise during the claimant's process for a number of reasons, including an employer disputing information. She stated that in some cases payments continue and in other cases they do not. She reported that right now there is a backlog of 101,000 claims waiting to be adjudicated. She continued that examiners are very well trained in the program but that there were not staffed for record high unemployment. She said they are working quickly to promote individuals to work on the backlog. She noted that about 6,000 cases were being adjudicated a week before and that now about 9,000 to 10,000 are being done a week. She said she would like to be above 10,000 a week consistently and that they are working to promote 50 to 80 more examiners to work on that. Sen. Kearney asked what L&I is doing to support Centers for Independent Living (CILs). Sec. Berrier responded that she wishes they could give them "all the money in the world." She noted that the commonwealth currently has nine CILs with an appropriation of about \$1.95 million. She added that the money comes from the Office of Vocational Rehabilitation (OVR), which is federally funded.

Sen. Argall shared an email he received from the Pennsylvania Economic Development Association, stating that they are facing permitting challenges related to agencies working remotely. He asked when L&I sees employees returning to the office. Sec. Berrier responded that they are having ongoing discussions about that. She noted that L&I is one of the largest agencies, with more than 4,000 employees at more than 90 different offices. She added that they are making plans as vaccination efforts open up, and that they are hoping to be back in the office by this summer. O'Brien commented that he is not aware of any permitting backlogs related to L&I so if there are any he would like to know more about that. Sen. Argall asked when in the summer L&I will be back in the offices. Sec. Berrier responded that agencies are coordinating with the Office of Administration so she would have to defer that question to them. Sen. Argall mentioned the topic of changing demographics, stating that Pennsylvania does not have as many young people as it used to. He asked what L&I is doing to prepare for demographic challenges. Sec. Berrier responded that is a "good point." He noted that Pennsylvania has the eighth largest population of residents over 65 and that it has the second-highest median age. She said the state is going to need "a lot of workers to replace upcoming retirements." She added that it is going to be "crucial" to partner with DCED and other agencies to provide training and ensure jobs are staying in Pennsylvania. Sen. Argall asked if the problem is going to get worse. Sec. Berrier responded that she hopes the state can turn the curve.

Sen. Argall stated that one way to meet workforce needs is to encourage individuals on public assistance to enter the workforce. He asked what efforts L&I is making with the Department of Human Services (DHS) to get individuals off assistance and into the workforce. Sec. Berrier responded that they train and encourage individuals to get into the workforce. She noted that OVR deals with individuals with disabilities, and that workforce development boards work with local entities and CareerLinks to deliver services in communities. She added that the Keystone Command Center is working to break down barriers to employment. She emphasized that many individuals on assistance face barriers, such as child care or transportation, that make it difficult to connect them to employment.

Sen. Pittman asked when the governor's cabinet last met. Sec. Berrier responded that it was last week. Sen. Pittman asked what came of that meeting related to the Regional Greenhouse Gas Initiative (RGGI). Sec. Berrier responded that she cannot speak on that and that it should be a question for the Department of Environmental Protection (DEP). Sen. Pittman stated that DEP told him RGGI is discussed every time the cabinet meets. He asked when the cabinet last discussed RGGI. Sec. Berrier responded that it was last week. Sen. Pittman asked what L&I is doing to work on job training for potentially affected workers. Sec. Berrier responded that is a piece of the proposal. Sen. Pittman asked if there are any specifics she can share. Sec. Berrier responded that she would have to get back with more information.

Sen. Pittman expressed concern that agencies have been unable to provide information on the administration's efforts to deal with the negative impacts of RGGI. Sec. Berrier commented that there are workforce development programs, as well as initiatives to work with local CareerLinks, but that she does not have any specific information on RGGI. Sen. Pittman noted that a power plant in his district laid off 43 workers. He stated that they are already in a "fragile situation," but that he has yet to hear dialogue on helping affected communities. He said he would appreciate L&I's follow-up. Sec. Berrier responded that she will be sure to provide that. Sen. Pittman encouraged L&I to come to his district office to answer the phone "to get an idea of the frustrations." He said his staff has been "inundated with calls on UC," and that although he understands L&I's staff is doing everything they can, his constituents are tired of hearing that same message. Sec. Berrier replied that she hears similar stories and understands their frustration. She stated that they are working through different objectives to improve and better serve customers.

Chairman Browne remarked that engagement with agencies on RGGI has been a matter of concern. He recognized that each agency has different jurisdictions, stating that there needs to be "a long conversation about the future of the proposal." He added that if the administration is looking to advance something significant, it is important to engage with all parties to ensure everything is done properly.

Sen. Vogel recognized Neil Cashman, who he said did a "great job" working with his staff and helping them get answers. He asked what kind of workforce development and job training will be needed in the future. Sec. Berrier responded that L&I closely monitors what jobs are available and what industries are in need of workers. She stated that the pandemic hit a lot of low-wage workers, but that there is now a demand for skilled workers in manufacturing, health care, information technology (IT), and more. She noted that the Center for Workforce Information Analysis provides data and works locally with workforce development boards and CareerLinks to identify specialized needs. She reiterated that the biggest need is to get individuals who were dislocated during the pandemic to get the digital literacy skills needed to succeed. She added that L&I is also looking at beefing up its apprenticeship program, which has been very successful.

Sen. Vogel asked if L&I works with Department of Agriculture (PDA) Secretary Russell Redding on addressing agricultural jobs. Sec. Berrier responded that the "siloes" were broken down between agencies over the last year. She recognized the needs of the farming industry, stating that they are working on regionalized efforts to place individuals in high-priority occupations. O'Brien commented that the apprentice and training council approved at least two programs in the last year to help in those areas. Sen. Vogel remarked that agriculture is a "growing field with growing needs." He asked about the 28 industry partnerships and their funding. Sec. Berrier responded that they have awarded about \$4.7 million to different industry clusters across the state. Sen. Vogel asked if UC calls are archived in case there is an incident. Sec. Berrier responded that L&I's phone systems are digital so if there is any issue with a call

they have the ability to go back and review it. She clarified that issues are "few and far between" because staff have been doing a great job. Sen. Vogel recognized that, but said he understands tempers are high right now.

Sen. Phillips-Hill mentioned that UC programs have been dealing with their "fair share of fraudulent claims." She noted that more than \$36 billion in fraudulent payments have gone out across the country. She asked about L&I's fraud prevention system, how many fraudulent claims they have sent out, and what is being done to recover that money. Sec. Berrier responded that fraud prevention is one area where Pennsylvania has been applauded by the federal government. She explained that the problem occurred in the PUA system across the country, with scammers using stolen identity information to make claims. She stated that they worked with the treasury to implement fraud measures, and that they partnered with ID.me to help perform verification services. She noted that to date, L&I has sent 988,000 verifications to PUA claimants, and that they have received only 158,000 verifications, or about 16 percent. She said they could presume the remaining claims are fraudulent but that they also have an internal audits division that works with the federal government to report fraud. She continued that they have called back \$55.7 million in fraudulent payments, and that along with the work of the treasury, they were able to get back a total of \$740 million. She added that they work closely with law enforcement on investigations, stating that it is an "all-hands-on-deck approach."

Sen. Phillips-Hill asked what tools or statutory changes L&I needs to help fight fraud. She also asked how L&I is managing long-term costs while hiring new call center staff. Sec. Berrier responded that one portion of the plan is to create a fiscal office dedicated to UC programs. She stated that the federal government helped provide funds to ensure those programs are implemented properly, and that they are constantly reviewing spending to ensure they are not spending more than what they are getting. She noted that federal programs are expected to expire at the end of September, so it is difficult to project what they will need once programs expire. Sen. Phillips-Hill asked if the fiscal office is being funded with state dollars. Sec. Berrier responded that they are using federal dollars.

Sen. Street inquired about the department's efforts related to ensuring that Pennsylvanians are prepared to meet the workforce needs of the future. Sec. Berrier said workforce development is a high priority for the department given the economic upheaval caused by the pandemic. She highlighted job training, apprenticeship, individualized coaching, and credentialing programs. "Trying to provide individuals with on-the-job training for the careers of tomorrow is going to be really key because a lot of people can't afford to not be paid while they are training for jobs of tomorrow," she stated.

Sen. Robinson questioned what the state is doing to support CILs in the governor's proposed budget. Sec. Berrier said there is \$1.59 million that are allotted to the nine CILs that are supported by the state. "We look forward to having further discussions about funding for CILs because their cause is definitely great," she stated. Sen. Robinson asked what the department is doing to help veterans who were displaced by the pandemic. Sec. Berrier said the department is working with the Department of Military and Veterans Affairs (DMVA) to make sure funding opportunities and grant programs through L&I are advertised by the DMVA.

Sen. Dush inquired about the increase in the UC grant amount. Sec. Berrier explained that the department hired contractors to examine the administration of the UC program. "We brought an expert in and he was able to bring in an additional \$11 million to implement the UC program. We intend to bring him in this year to do the same thing because the bang was definitely worth the buck there," he stated. Sen. Dush asked how much the department of paid the consultant. Sec. Berrier stated "a couple thousand dollars."

Sen. Dush took issue with RGGI and the lack of discussion by Gov. Tom Wolf within the administration and with the communities that will be impacted by power plant closures. "My counties' median family incomes are significantly below the median family incomes across the state except for that disproportionate number of people that are involved in the energy industry. They are emphatically important to every one of those counties....To hear that this governor is going to sacrifice those people's jobs and then come back and say 'oh we're going to retrain them,' but there is nothing to retrain them to

and certainly nothing in my communities...that will have those kinds of impacts on our local communities. The wealth of our communities is going to be totally devastated...This governor doesn't care," he stated.

Sen. Saval emphasized that claim examiners are essential and inquired about the department's efforts to create a career pipeline for those individuals. Sec. Berrier explained that claim examiners have a high-stress job and that increased during the pandemic. "Our retention rate is not that great. These people deal with a lot and hearing these stories wears on them and wears on all of us. It's very sad and a person can only take so much. It's been very difficult to keep our qualified people in these positions with other opportunities for advancement within the commonwealth. We have picked up our discussions with the Office of Administration on looking to create a structure that would create a career pathway for examiners at different levels so we are actually rewarding them for their knowledge and the great work they do," she stated. Sen. Saval asked how common "no-fault overpayments" are in Pennsylvania. Sec. Berrier said overpayments are not unique to Pennsylvania's UC system.

Sen. Tartaglione asked what Gov. Wolf's proposed budget does for OVR services. Sec. Berrier explained that the OVR had to provide services virtually due to the pandemic. "We have released approximately 16,000 individuals from the order of selection since February 2020. Most recently last week, OVR was approved to release 2,400 individuals from the waiting list which is great news. Currently that leaves 831 individuals on the waiting list but we are looking to get rid of the waiting list and want to get services to anyone that applies. We are in a good position to do so, we have an additional \$40 million in OVR," she stated.

Sen. Tartaglione inquired about the administration's assistive technology programs and the levels of funding provided to the programs. Sec. Berrier emphasized the importance of assistive technology especially during the pandemic when most people were confined to their homes. "We are big fans of the assistive technology loans. We gave around 123 loans last year and we continue to promote the program," she stated. Sen. Tartaglione inquired about the support service providers program for individuals who are deaf or blind. Sec. Berrier said the program is being restructured. "We placed it under the Office for the Deaf and Hard of Hearing and we hope to be able to release grant opportunities this summer," she stated.

Minority Chairman Hughes said women have been disproportionately impacted in the workforce by the pandemic and inquired about retooling and job training efforts moving forward. Sec. Berrier said pandemic has had a "hard impact" on women in the workforce. "Women have been the ones that have stayed home with children, provided education, and have been the caretakers at home and we have the statistics to prove that. Coming out of this pandemic and looking at the future of our workforce we have to figure out how to reenter women back into the workforce and take away some of the barriers that exist or may have arisen as a result of the pandemic," she stated. Sec. Berrier noted that the Keystone Command Center identified agency, private sector, and legislative action to address workforce needs prior to the pandemic. "I would ask we take a look at that report and see where we can fine-tune and find opportunities to improve working conditions for Pennsylvanians," she stated.

Chairman Hughes said some communities have "lost hope" in the economy prior to the pandemic and explained that it was recommended by the health care industry that individuals go door-to-door to discuss the benefits of the COVID-19 vaccine. "That is...important to the overall health of the community, and it should be a job," he stated. Chairman Hughes asked if the department has any "outside-the-box" ideas to create jobs. Sec. Berrier affirmed that the department is thinking outside the box and highlighted the benefits of enhancing digital literacy opportunities and providing the tools necessary for individuals to attain entry into pre-apprenticeship programs. Chairman Hughes inquired about the department's efforts regarding youth summer employment and internship opportunities. Sec. Berrier emphasized the importance of internship and summer employment opportunities and noted that the department provided over \$25 million in grants last year towards providing those opportunities.

Chairman Browne thanked Sec. Berrier for participating at the hearing and the department for their efforts over the past year. "It was an opportunity for us to look at what our systems can accommodate. There was frustration across the board given the gravity...(of having) the worst economic quarter in national

history. In my mind that experience was unavoidable. No one in October 2019, unless you want to be a Monday morning quarterback, can state that would have known what was coming. Pulling people from other departments and using the system we had to manage was very difficult. We need to reflect on our experiences and how we will proceed moving forward," he stated.

Chairman Browne said the General Assembly needs to engage with the department on the UC system and the agency's complement moving forward. He questioned what the department's workforce will look like post-pandemic. Sec. Berrier said the department has "learned a lot" throughout the pandemic. "We are analyzing within each program area the potential for full-time telework, part-time telework, or no telework at all. We are looking at our production, what's most cost-effective. We're balancing all those things because in the end we are using taxpayer dollars to provide the best service we can provide to them and they rely on us for these necessities. We want to be strategic about what we do," she stated. Chairman Browne indicated that the federal government requires that the department engage in performance measurement analysis of the UC system and requested that the report be provided to the committee. Sec. Berrier responded "absolutely."

Chairman Browne said the UC system is essentially an emergency management system. "If an emergency management system cannot scale up to address the challenges they face at any point in time, there are weaknesses in it. I'm not sure when we were discussing and implementing this system that there was consideration of scalability from a technology and personnel perspective," he stated. Chairman Browne explained that there is now federal funding available to make improvements to the UC system and questioned if the department is examining the scalability of technology and personnel within a new system. Sec. Berrier stated "absolutely" and explained that Pennsylvania's new system from an IT perspective would be able to accommodate the pandemic-level demand that was experienced in the past year and emphasized the need to have the department "staffed appropriately" in order to accommodate the needs of the commonwealth. "We're in a little bit of a tough spot because we are federally funded and we have to exhaust those funds so it leaves us with little flexibility. We look forward to working with the legislature so maybe in the future we can have some flexible funding so if we need to scale up more quickly we'll have the ability to do so," she stated.

Chairman Browne emphasized the importance of sustainability. "If we are looking to build additional capacity we have to reflect on our ability to sustain it over time because all the money we are getting from Washington is one-time money. The recurring resources we have, when we consider just state resources, are just not there...we need to consider how we make anything we do sustainable," he stated.