



September 17, 2020

Testimony submitted on behalf of Interstate Tax Services, Inc., our clients, and all parties that will be using the new UC benefit system.

House Labor and Industry Committee hearing – UC benefit modernization project (September 17, 2020)

Presented by:

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Chairman Cox, Chairman Harkins and members of the House Labor & Industry committee, I wish to thank you for the opportunity to testify today regarding the UC benefit modernization project (Ben Mod) and whether or not the new system should go live as planned on October 5, 2020.

As you know, I was requested to be a committee member overseeing Ben Mod by your committee and again I thank you for your faith and trust in me. I've been able to attend all of the meetings and I have found the committee members both within and outside of the PA Department of Labor & Industry (Department) to have one common goal, the release of a new benefit system that works and meets

the needs of the employees and employers of PA and of course, one that is done on time and on budget. The Ben Mod committee last met on August 25, 2020 in a virtual setting. As is customary, we received a project update at the beginning of the meeting. We were once again informed that the project was in red status. I believe that has been the status of the project for the past year. As part of the update, we were informed that certain segments would be implemented post go live. Upon completion of the project update, the floor was open for questions. I immediately asked if the project was in red, amber, or glowing red status. The response was glowing red. Later in the meeting we were advised that training for staff of the service centers would begin on September 14<sup>th</sup> which was a mere three weeks before the go live date of October 5<sup>th</sup>.

Prior to our meeting on August 25<sup>th</sup>, members of the Ben Mod committee submitted some questions and concerns to Department of Labor & Industry personnel who serve on the committee. One question was whether it was prudent to go live on October 5<sup>th</sup> given what the Department has experienced in 2020 as a result of the COVID-19 pandemic and the concern that the new system would not be ready for public use. I will not waste your time comparing claims numbers form 2019 and 2020, as all sitting in this rooms and attending virtually know what

those numbers reflect. The challenges presented to the Department are beyond comparison to anything experienced previously. In addition to just handling the exploding number of regular PA UC claims, the Department had to respond to new requirements, new programs, etc. from Congress and the USDOL. Obviously, these new requirements and programs in conjunction with handling the sheer volume of regular UC claims, was not in the forecast when the go live date of October 5<sup>th</sup> was chosen.

Going into the Ben Mod committee meeting of August 25, I personally was in favor of going live, but had an open mind as three months had lapsed since the committee's last meeting and I was interested in receiving an update. When we were notified that the project was "glowing red," my preference for going live in October started to waver. I asked what the Department thought its chances were of the project being yellow on October 5<sup>th</sup> and a fellow committee member interjected, shouldn't it be green on October 5<sup>th</sup>? "Good point," was my thought. As the meeting continued, I was persuaded that delaying the release of the new benefit system was a necessary evil.

Why am I now in favor of delaying the release of the new benefit system? In quick fashion consider the following:

1. Was six weeks enough time to take the project from glowing red to green?

Answer – **No.**

2. Was the employee and employer community aware of this new system?

Answer – **No.**

3. Was the new benefit system going to be tested by claimants and employers prior to going live? Answer – **No.**

4. Were the employees of the service centers provided with ample time to train on the new system while still handling the current claim load? Answer – **I do not believe so.**

5. Could the Department, the employees and employer community risk engaging a new benefit system that had the potential to be less than perfect? (I realize perfect is a bit hard to achieve when implementing a new system, but just think of that word when you are the employee who cannot file for UC benefits.) Answer – **I do not believe so.**

6. Is the Department and the General Assembly prepared to deal with the public and media if the new system fails to meet expectations? Answer – **I will let you determine that answer.**

My opinion has become that the answer to the above questions were all, no. The first 3 answers I believe are facts that are not in dispute and . As such, the vote to request that the Department delay the release of the new benefit system felt as though it was the only proper course of action.

Please keep in mind, my firm currently represents about 1,800 employers in PA. I am on the front line dealing with UC claims from an employer perspective on a daily basis. No doubt, you have or will hear the same from Ms. Julia Simon-Mishel in her testimony today from the employee perspective. The employer community wants a benefit system that works. Such a system is not only a benefit to the employers of PA, but also to the employees and citizens of PA.

I ask that the General Assembly keep in mind that my opinion to delay the release of the new benefit system is not a reflection on the Department and its staff. I have been representing PA employers in unemployment matters for 34 years and my firm has been doing so for 77 years. The Department has never experienced anything to match what has occurred here in 2020. While I'm not ignoring the problems that have been experienced by employees seeking UC benefits during the

pandemic, I do not believe it is a reflection on the personnel of the Department and their efforts, but rather it clearly shows why we're here today. That is - PA needs a benefit system that is modern and works.

Therefore, in closing, is it truly necessary for PA to release a new benefit system on October 5<sup>th</sup> to simply say we did so on time? I believe that all parties involved in this subject - employees, employers, the Department, the General Assembly, and the citizens of PA - would be better served if we release a new benefit system that works. Thus, I am recommending that the Department delay the implementation of the new benefit system until such time that the Department is confident that the project status is green.

Once again, I thank you and welcome your questions.