



**Testimony of Acting Secretary Jennifer Berrier
Department of Labor & Industry
Before House Labor & Industry Committee
May 24, 2021**

Good morning, Chairman Cox, Chairman Mullery, and members of the Labor & Industry Committee. Thank you for the opportunity to speak with you today to share with you some updates on Unemployment Compensation, our efforts to help Pennsylvanians get return to the workforce, and our work to help Pennsylvania businesses to return to normal.

I have with me today the Deputy Secretary for Unemployment Compensation, Bill Trusky, and Deputy Secretary for Workforce Development Sheila Ireland. We look forward to your questions.

Unemployment Compensation (UC) Update

First, I would like to start by providing several updates on the UC Modernization Project. I am pleased to report that we have made excellent progress in moving towards the June 8th "Go-Live" date, both from a technical perspective as well as in terms of public education and outreach.

We began hosting workshops for legislators and their staff, as well as the advocate community, the week of May 3rd, and public workshops for claimants and employers alike began the week of May 10th. There will be a total of 25 public workshops for claimants, including six conducted in Spanish. These workshops are intentionally held on weekdays and weekends in the morning, afternoon, and evening to ensure the broadest reach possible. We are also translating the claimant workshops into Chinese, Vietnamese, and Arabic, and they will be posted online shortly.

Thus far, we have contacted at least 300,000 individuals in the employer community through our various outreach efforts. We have already held one training workshop for just over 400 legislative district office staff and plan to hold one more. We are also dedicating at least two of our regularly scheduled weekly townhalls with district office staff on the UC Modernization Project exclusively so that you and your staff are well-informed about the changes given your role in communicating critical information to so many claimants. Clear communication is one of my top priorities, and I thank you and your colleagues in the General Assembly for your continued engagement.

While June 8th is the formal launch of the UC Modernization System, I want to reiterate again that the legacy mainframe unemployment system will be taken offline prior to that date. The ability to file a new claim will be offline from 10:00 PM on May 30 thru June 7.

The ability to file a continuing claim (bi-weekly filing) will be offline from June 3 thru June 7. Despite the offline period, most claimants will not see a delay in their benefits because the five-day offline period for claimants filing weekly claims will fall Thursday – Monday. The full system will be offline June 3 – June 7 for data conversion.

While those dates span two calendar weeks, the offline period is only five calendar days. This means filing for weekly benefits will be unavailable from Thursday, June 3 through Monday, June 7 - and filing has never been available on Saturdays. Full online system functionality will be available June 8. However, the ability to file for weekly claims using telephone interactive voice response (formerly known as PAT) will be available June 10.

The UC Call centers will remain open during the system offline period. A detailed graphic of this timeline and the system availability is attached as an addendum to my testimony. Please note that the Pandemic Unemployment Assistance (PUA) program will be unaffected.

While the UC modernization project is the primary focus of L&I, other customer service initiatives are underway and I believe it is important to highlight how we continue to work for the people of Pennsylvania until every eligible claimant is paid. Two weeks ago, on May 10, we onboarded 230 Inspiritec contractors who are already on the phones answering UC Service Center calls. L&I partnered with Inspiritec because they provide excellent service and because we share their stated goal: "to empower disabled Americans...through an innovative model that integrates intelligent technology with inspiring compassion to raise the standards of contact center(s)." This partnership with Inspiritec allows us to improve our customer service availability for claimants and will accelerate the claim process by allowing our experienced UC staff to focus on processing claims, especially the most complex cases. As of May 20th, we already had brought on 250 contractors, and we intend to onboard a total 500 contractors by June 7th.

In addition to the Inspiritec contractors, we continue to onboard merit staff, including another class of 68 initial intake interviewers (IIIs) who started last week.

These staffing additions, together with the modern UC benefits system, will improve the customer service experience for UC claimants. The modern UC benefits system will be easier for unemployed Pennsylvanians to use because it looks and functions like a modern website. The new system incorporates formatting that claimants are familiar with from other user-friendly websites that are familiar to most users. It will be easy to use on mobile and tablet devices, which will make the system more accessible for the large percentage of claimants who access our services through such devices. It will emphasize clear and timely communication by enhancing our opportunities and methods for providing customer service to users and by enabling claimants and employers to receive and respond to alerts and documents from the UC staff.

Finally, it will allow users to easily access and update more of their personal information. In combination with the other customer service initiatives undertaken, I am confident that we continue to make progress in improving the customer experience with UC and in enabling the Department to disburse benefits in a timely manner.

The Labor Market and the Post-Pandemic Recovery

Second, I would like to offer an update on the labor market as we begin to emerge from the pandemic recession. I know this is a subject on the minds of many, including most of you. I have heard from many employers and their advocates across the commonwealth that workers are in short supply. These anecdotes are insightful and we keep them in mind as we evaluate the data while making evidence-based decisions. The last few weeks have given us new, if contradictory, information with regards to the current labor market, and what that means for our collective economic recovery. Overall, the unemployment rate in the commonwealth has remained relatively steady since January 2021, fluctuating up and down between 7.3% (January 2021, March 2021) and 7.4% (February 2021, April 2021) The April jobs report issued by the US Bureau of Labor Statistics (BLS) was significantly underwhelming, given the hopes of many policymakers and the expectations of many economists and analysts. Across the nation 266,000 jobs were added to the economy, including 331,000 in the leisure and hospitality sector, industries that were hit hard during the pandemic. These substantial gains in leisure and hospitality—more than the total number—means the economy lost jobs in other sectors, including 18,000 manufacturing jobs, likely related to the global semi-conductor shortage which has affected production of everything from phones to cars to dishwashers.

In April 2021, Pennsylvania lost approximately 2,000 non-farm jobs, the first decrease after two months of increases. Unemployment increased by 4,400. Similar to the country at large, Pennsylvania saw gains in leisure and hospitality and other industries that were impacted at the beginning of the pandemic. The leisure and hospitality sector has added 203,000 jobs back since April 2020. Construction also saw growth over the month, adding 3,400 jobs in April 2021.

I know you are hearing from employers who share their difficulty finding enough skilled workers; I hear similar stories every day. There is widespread speculation that workers have not returned to the labor force primarily because unemployment benefits are too generous. There is little evidence to substantiate this claim; the average claimant receives weekly just 54% of the average weekly wage in Pennsylvania (\$1,188)—that includes the \$300 Federal Pandemic Unemployment Compensation payment. While some industries may be experiencing isolated tightening of their respective labor markets, including leisure and hospitality, these shortages are deeply interconnected with wages. Prior to the pandemic, wage growth in leisure and hospitality had only just regained its trajectory since the Great Recession.

Low-wage sectors such as leisure and hospitality are, in fact, seeing job gains, and are increasing wages to attract workers. In fact, many private-sector employers have recently stepped up and raised their wages to \$15 an hour to encourage employees to onboard.

In light of these facts, we may be witnessing what some experts have called a great reassessment of work in America: workers are re-evaluating their priorities and relationship to work. This reevaluation is happening in a few forms. At its core, many are still hesitant to return to work until they and their families are fully vaccinated.

Pennsylvania is one of the national leaders in percentage of fully vaccinated individuals over the age of 18— at 50% as of May 20. Still, until this number gets higher, many workers have legitimate concerns about returning to work—especially if their work involves direct service and interaction with others, such as in retail and hospitality. Coupled with this dynamic, there are legitimate concerns about our childcare infrastructure. Over the course of the pandemic, 3 million women across the country exited the workforce at alarming rates—shouldering much of the burden of child care as child care providers closed and as schools moved to remote or hybrid models. The job gains reported have largely gone to men, signaling an important conversation about caregiving responsibilities and how sustainable childcare that does not fall solely on women’s shoulders is a key piece of reaching our full workforce potential.

We are entering a time of unprecedented shifts in our labor market where the competition for entry level talent has provided workers with the agency and opportunity to shift their careers to new pathways. They have a choice to look for a job that gives them more than a wage, but also flexibility to care for their children, opportunities to advance, and benefits. Here at L&I we are taking this opportunity to listen to the concerns of both workers and businesses, and we are working to bridge that divide – by delivering workforce development services that help workers connect to the work of their choice and business services that help employers find talent. I encourage the private and the public sectors to see this as an opportunity to create a new normal, and as an opportunity to align hiring practices with training and investing in human capital. A rising tide lifts all boats: workers taking good jobs that pay fairly and provide strong benefits is better for Pennsylvania’s economy in the long run. And I am confident that the policy steps that we are taking will build a stronger and more equitable commonwealth.

Work Search, Work Registration, and Getting Back to Work

Third, I would like to speak briefly about the work search and work registration requirements that were suspended in the UC Law because of the pandemic. Since March 2020, these requirements were initially suspended by the Governor’s COVID-19 emergency declaration and then subsequently by Act 9 of 2020. Since the provisions of the Act expired on January 1, 2021, these requirements have been suspended under the Governor’s COVID-19 emergency declaration.

Currently, there is no waiver of these provisions from the department under the Secretary's authority as provided by the UC Law since the Governor's emergency declaration and Act 9 have been sufficient.

The justification for the waiver of the work search and work registration requirements rests on the COVID-19 public health crisis. By suspending these and other regulations and statutory provisions through Act 9 of 2020 and subsequently through the Governor's emergency declaration, the General Assembly and the Governor saved thousands of lives. This swift action reinforced a moral framework for leadership and made a strong case for the responsibility of leaders in a public health crisis to do whatever is necessary to save lives.

By waiving work search and work registration, claimants were not required to apply for two jobs and to perform one additional work search activity weekly nor were they required to register with the PA CareerLink® system. In other words, claimants and the PA CareerLink® staff could stay at home and not risk greater exposure to COVID-19. Waiving these provisions meant people did not have to choose between their health (and the health of those living with them) and their benefits.

Positive COVID-19 tests continue to drop and the percentage of Pennsylvanians who have been vaccinated continues to increase. The Department of Labor & Industry is collaborating with our partners—from the US Department of Labor to the Local Workforce Development Boards—to ensure that our workforce development infrastructure is ready to support unemployed workers as they transition back to employment.

President Biden and US Secretary of Labor Walsh reminded all states this past week that suspensions of work search permitted by the US Department of Labor under the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA) are not indefinite. I wholeheartedly agree and we have had staff diligently examining what we need to do to restart these requirements. We are preparing the physical locations, staffing up, and bringing the necessary IT infrastructure online so that we are ready to support the tremendous volume of claimants who will be registering with the PA CareerLink® system and using the resources of the workforce development system to find good jobs.

I understand that there is great interest in reimplementing the work search and work registration requirements immediately. It is the intent of this department to do so as soon as the conditions of the pandemic permit it; as soon as our workforce development system can support historic flow of workers who will be looking for services to help them find employment; and once we have implemented the new modern UC benefits system.

Some of these things we have control over. The implementation of the modern UC benefits system is proceeding at pace and we are confident that in just a few weeks it will provide improved service and streamlined processes to all customers of the UC system, claimants and businesses alike.

Some things we do not control. First, the spread of the virus depends on the actions of every one of us. Just a few months ago, Pennsylvanians were testing positive at a rate of nearly 10,000 daily and that number has since plunged as more and more people are vaccinated each day. As you know, the Governor is lifting many of the mitigation orders that have become familiar to us over the last 14 months, and the Centers for Disease Control and Prevention has revised its guidelines to no longer require vaccinated Americans to wear a mask in most situations. I think everyone who has worked hard to limit the spread of the virus, both by their personal behavior and individual choices and through their work on mitigation strategies, deserves our thanks. We are moving in the right direction.

Second, L&I's workforce development staff is co-located at PA CareerLink® brick-and-mortar locations across the commonwealth with staff from other state agencies and local workforce development board staff. Staff at PA CareerLinks® have been providing services virtually and increasingly in-person by appointment. Not all PA CareerLink® offices have reopened for in-person appointments or for walk-in appointments. These decisions are made by the local workforce development boards which operate the PA CareerLink® offices. We are their partners in providing services, but L&I does not decide when they can or should reopen fully.

I mention the PA CareerLink® network's current partially reopened status specifically because it is an important consideration for the work search requirement. The local workforce development boards know their regions—they know what schools are open fully for in-person instruction, they know how the hospitals are handling the latest COVID cases, they know the needs of employers and workers in their regions. I know that I do not have to tell you that Pennsylvania is a vast state whose regions have experienced this pandemic differently, and different regions have seen surges occur at different times.

To require work search when the PA CareerLink® services on which so many rely to learn about new opportunities, develop new skills, and apply for jobs are not opened fully across the state would create a significant disparity across the commonwealth by workforce development board region. People living in areas where PA CareerLink® locations are not fully opened would have fewer opportunities for assistance in satisfying work search requirements.

With that all said, we are encouraging those for whom it is safe to return to work and to utilize the services available to them through their local PA CareerLink® location and virtually to do so. Just as the early bird catches the worm, the early applicant has a better shot at landing that job. The PA CareerLink® lists over 160,000 jobs open as well as nearly 150,000 training opportunities.

Since January 2021, we have expanded the Reemployment Services and Assessment Grants program (RESEA) outreach to offer services by phone and virtually, depending on the claimant's available technology, to ensure that claimants determined likely to exhaust benefits get the resources they need to reconnect with employment.

The outreach to RESEA participants has been very successful and has been met positively by program participants. We are preparing to expand these services even further with our local and federal partners.

I know that Pennsylvania employers are eager to return to normal operations, expand capacity, and fulfill their potential in the fast-approaching post-pandemic economy. I hear from them every day about the challenges they are facing finding enough well-trained workers to staff their businesses. I will reiterate that the work search requirement will be reimplemented; both state and federal law require this. However, I will remind everyone that these requirements have never been turned off before and never have been turned back on, so this is an unprecedented experience.

I know that other states have already reimplemented work search. I would note that the vast majority of those states are smaller than Pennsylvania. They have fewer requirements for work search and work registration than we do in Pennsylvania. We are working diligently to ensure that when these requirements are reimplemented, they do not introduce confusion and chaos into the system.

Reimplementing work search will take some time and should not conflict with the launch of the new modern UC benefits system. Restarting the work registration requirement is more complex and requires substantial care in planning. Done incorrectly, restarting work registration could generate hundreds of thousands of automatic claims denials, a worst-case scenario for UC and the commonwealth. This would flood the UC system with phone calls and appeals and inundate all legislative offices with a volume of phone calls and complaints unequalled during this pandemic.

Additionally, the number of current claimants who would be required to register with PA CareerLink® could be as high as 1 million, many magnitudes greater than the highest weekly or monthly volume of registrations the system has ever processed before. This is not like flipping a switch. To reimplement these requirements immediately or in a matter of weeks would result in hundreds of thousands of claimants being automatically denied.

Chairman Cox, Chairman Mullery, members of the House Labor & Industry Committee, thank you for affording me and my team the time to update you on these issues. I welcome your questions.

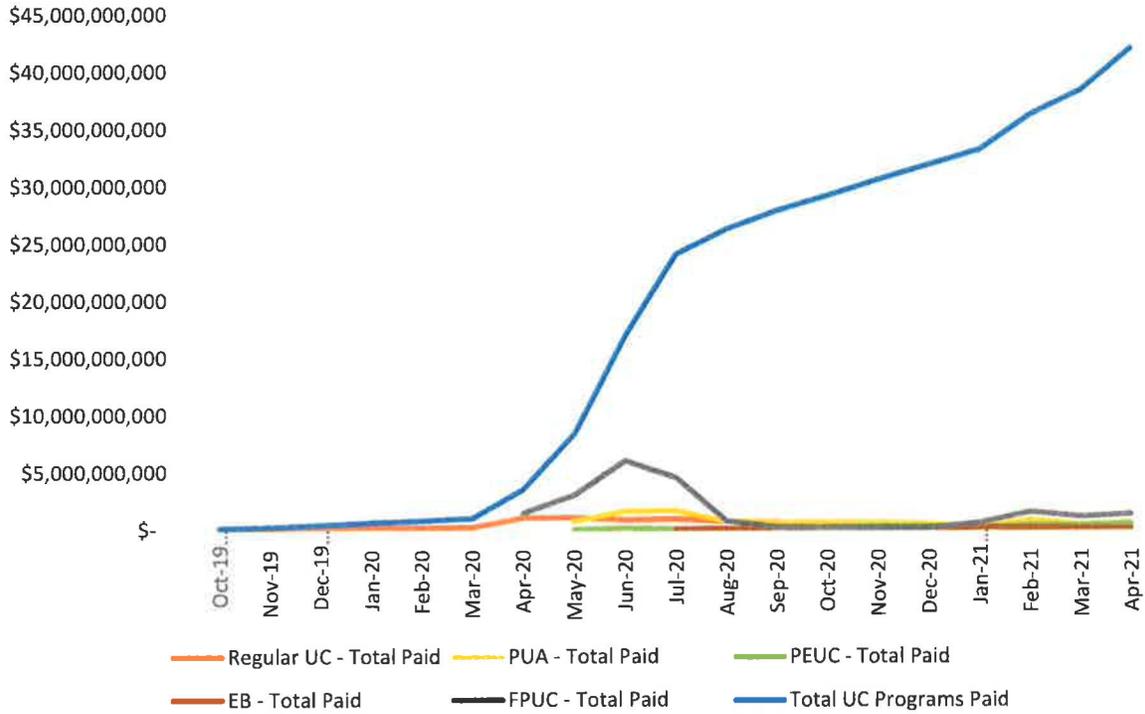


Addendums to Testimony

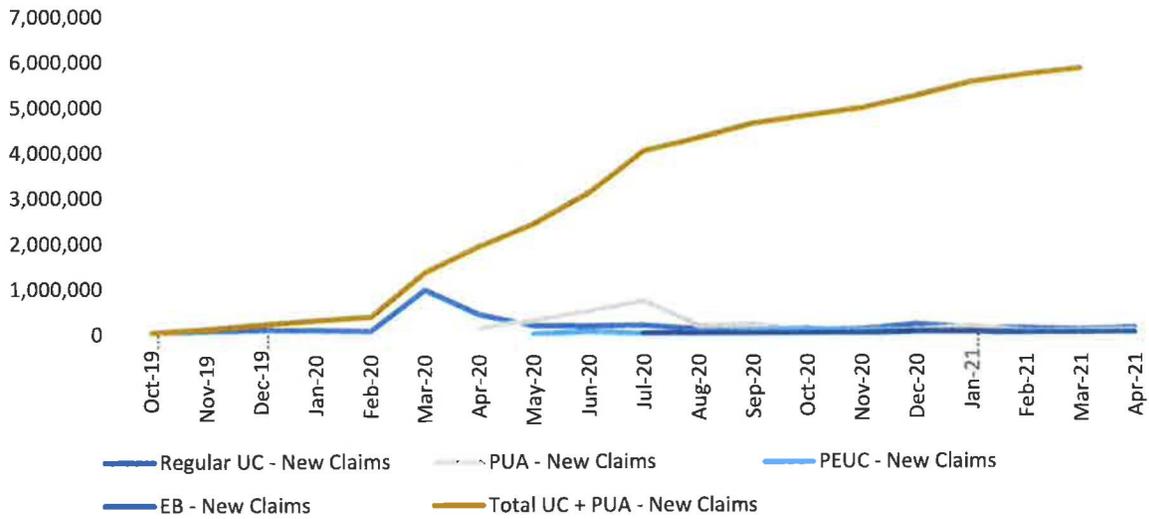
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Addendum 1 to Acting Secretary Berrier's Testimony:

UC Programs Funds Paid



UC Claims by Program and Total



	2019		2020												2021				
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Reg UC - New Claims	44.8k	76k	97k	92k	72k	976k	438k	189.6k	177.2k	192k	105k	110k	83.2k	96.7k	204.2k	131.3k	109.3k	82.1k	114.4k
Reg UC - Total Paid (\$)	134.8M	110.5M	175.3M	200.1M	181M	217.6M	1,033.4M	1,067M	849.5M	914.2M	677M	665M	336M	306.2M	402.6M	327.5M	309.3M	280M	260M
PUA - New Claims							136.2k	305.3k	505k	726.3k	177.8k	209.4k	85k	67.9k	65.9k	172.3k	47.6k	47.2k	53.9k
PUA - Total Paid (\$)								748.2M	1,612.4M	1,656M	683.9M	611.3M	623.7M	610.6M	492.8M	162.2M	782.2M	412.1M	538.3M
PEUC - New Claims								5.6k	55.8k	14.3k	23.3k	76.8k	120k	52.9k	48.1k	36.5k	40.5k	32.8k	26.5k
PEUC - Total Paid (\$)								9.5M	125.5M	52.9M	69.3M	81.4M	187.3M	320.9M	276.8M	150.4M	381.2M	318.4M	446.6M
EB - New Claims										14.5k	9.2k	7.7k	11.4k	12.2k	44.2k	47.3k	0.7k	1k	0.45k
EB - Total Paid (\$)										12.2M	33M	40.4M	33.7M	44.3M	56M	120.5M	92.7M	44.8M	15M
FPUC - Total Paid (\$)							1,446.1M	3,022.6M	5,993.6M	4,507.1M	704M	194M	141.7M	98.3M	90.4M	548M	1.49B	1.06B	1.27B
Total UC + PUA - New Claims	44.8k	120.8k	217.7k	309.7k	381.9k	1.35M	1.93M	2.43M	3.11M	4.03M	4.31M	4.63M	4.8M	4.96M	5.23M	5.53M	5.69M	5.82M	5.91M
Total UC Programs Paid (\$)	134.8M	245.3M	420.5M	620.7M	801.6M	1.02B	3.50B	8.35B	16.93B	24.07B	26.24B	27.83B	29.15B	30.53B	31.85B	33.16B	36.21B	38.33B	41.96B
PA Unemployment Rate			4.6%	4.7%	4.7%	5.8%	16.1%	13.4%	13.2%	12.5%	10.4%	8.3%	7.4%	6.8%	6.7%	7.3%	7.4%	7.3%	7.4%

Addendum 2 to Acting Secretary Berrier's Testimony:

Regular UC Metrics Summary

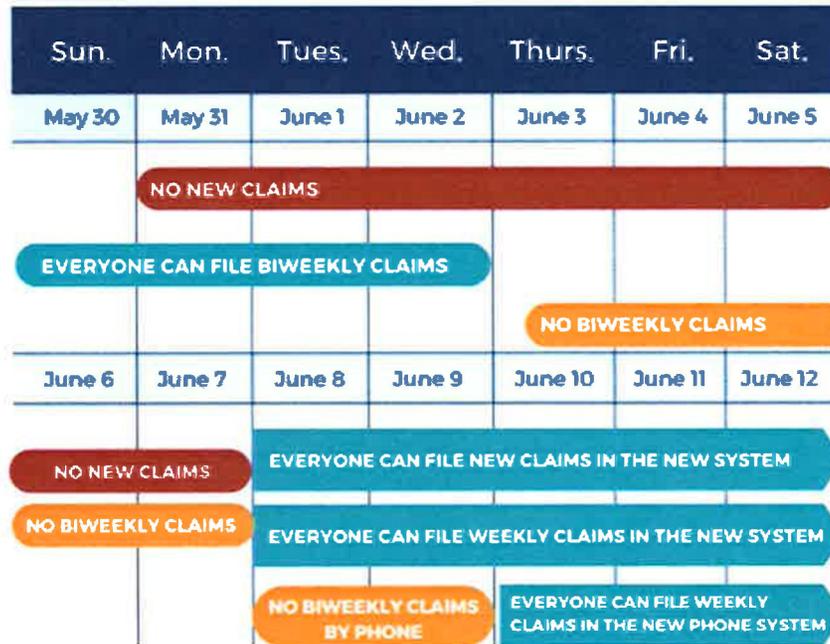
Data Point	Metric	Updated Through	Value
1	Initial Claims	4/3/21	2.92M
1.2	Initial Claims - Unique Count	4/3/21	2.14M
2	Paid Claims - Unique Count	4/3/21	1.19M
3	Mon Dets - Pending	5/8/21	26.77k
3.2	Non-Mon Dets - Pending	5/8/21	115.84k
4	Denials (Mons + Non-Mons)	4/3/21	316.74k
5	Appeals - Referees	4/30/21	8,108
5.2	Appeals – Board of Review	4/30/21	1,907
5.3	Appeals - Comm. Court	4/30/21	109
5.4	Appeals - Superior Court	4/30/21	8
6	Stopped Filing - Unique Count	4/3/21	506.98k

PUA

Data Point	Metric	Updated Through	Value
1	Initial Claims	5/8/21	2.61M
2	Paid Claims	5/8/21	1.48M
3.2	Non-Mon Dets - Pending	5/8/21	199.38k
5	Appeal - Referees	5/8/21	7,573
6	ID.me Fraud (No response)	5/8/21	839k
6.2	SSA Failed SSA Authentication	5/8/21	440k

Addendum 3 to Acting Secretary Berrier's Testimony:

NEW UC SYSTEM GO LIVE TIMELINE



*All plans are subject to change