



**Testimony of Secretary Jennifer Berrier  
Department of Labor & Industry (L&I)  
Before House Labor & Industry Committee  
October 13, 2021**

Good morning, Chairman Cox, Chairman Mullery, and members of the House Labor & Industry Committee. Thank you for the opportunity to speak with you today and to share some updates on the winddown of federal pandemic programs, the performance of the new UC benefits system, and the department's response to overpayments and fraud. I am joined this morning by Deputy Secretary for Unemployment Compensation (UC) Susan Dickinson.

**UC Updates**

In the four months since the Department of Labor & Industry (L&I) launched Pennsylvania's new, modern UC system 525,476 claimants have been paid \$2,995,519,677.65 in benefits. Overall, since March 2020, L&I has disbursed over \$51.5 billion dollars between traditional UC and the temporary federal pandemic programs. As you are aware, on September 4, the federal pandemic programs expired. Up to that date, approximately 395,000 claimants were receiving Pandemic Unemployment Assistance (PUA) benefits; 177,000 were receiving Pandemic Emergency Unemployment Compensation (PEUC) benefits; and 650,000 were receiving Federal Pandemic Unemployment Compensation (FPUC) benefits. After the expiration of federal pandemic benefits, roughly 572,000 individuals receiving PUA and PEUC benefits were no longer eligible for any unemployment assistance programs. After September 4, approximately 80,000 claimants continued receiving traditional UC benefits. As of October 12, 71,846 claimants are receiving traditional unemployment compensation benefits.

L&I continued to process PUA applications until the end of September for claimants who needed to claim eligible weeks prior to September 4. Any claimants who need to request backdated PUA weeks moving forward must contact the UC customer service center.

Additionally, at the same time the federal pandemic programs wound down, the federal waiver and reimbursement for paying the waiting week also expired. Claimants no longer receive payments the first week that they file for benefits and instead must wait one week before benefits are payable. As you know, this is what our state UC law requires and what was in effect before the pandemic. Lastly, following the winddown of the federal pandemic programs, work registration requirements were reinstated for UC claimants.

Even though these federal extension programs have ended, individuals continue to receive robust support and assistance from L&I. Individuals whose benefits expired and are eager to return to the workforce are encouraged to take advantage of the multitude of workforce development opportunities offered through the PA CareerLink® system.

With office locations across the state and virtual services available anytime, PA CareerLink® provides a personalized approach to career and training services that helps individuals enhance their skills, build their resume, and land their next job. At a PA CareerLink® office, individuals can receive one-on-one career guidance; resume and interviewing skills assistance; job exploration resources; a database of job openings; workshops; training and educational opportunities; labor market information; adult education and literacy services; vocational rehabilitation services; and supportive services and referrals to help individuals get back to work.

This agency has been hard at work to resume “normal” operations, but we know that the events of the past 18 months have changed the needs and opportunities for employers and workers alike – and L&I is adapting. One particularly exciting opportunity for Pennsylvanians is SkillUp® PA. The SkillUp® PA initiative provides a 24/7, online, mobile-friendly learning environment that allows anyone who registers with PA CareerLink® to use this valuable service. Users can access more than 6,000 learning modules, 130+ Career Pathways, assessments, and other resources to help them increase their abilities to meet the needs of employers in areas such as computer skills, healthcare, manufacturing, human resources, and many more.

Over this past year and a half, we have learned how to deliver services effectively in ever changing circumstances. One key realization has been the size of the digital literacy gap in Pennsylvania and for the Pennsylvanians we serve in the PA CareerLink® system. To address this gap, the PA CareerLink® system has implemented a manual identity verification process to ensure that claimants are able to verify their identity at a physical location even if they are not digitally literate or have technical issues verifying their identity through ID.me, a company with whom we have worked closely to prevent UC fraud. This process is available at all CareerLink® locations across the commonwealth. Over 500 claimants have utilized the manual identity verification process to date.

We also know that UC claimants continue to look to PA CareerLink® locations for assistance with not only finding a new job but with an existing UC claim. L&I has continued to expand the “Ask a UC Rep” program. The “Ask a UC Rep” program puts unemployment compensation staff in higher-traffic PA CareerLink® locations so that they can provide in-person support to UC claimants. Currently, this service is available at 19 PA CareerLink® offices across the commonwealth. We hope to continue to refine and expand this program in the coming weeks and months and to have it as part of our arsenal for responding to future periods of high unemployment.

While we have made progress in expanding in-person access to UC staff through programs such as “Ask a UC Rep,” we continue to look for opportunities to make UC

staff more accessible, allowing them to be physically present at PA CareerLink® offices to assist claimants. We have identified a United States Department of Labor (USDOL) grant opportunity to promote “equitable access to unemployment compensation programs.” If Pennsylvania is awarded this grant, we will use up to \$6.84 million available to place UC program staff in CareerLink® offices around the commonwealth to help claimants apply for and access UC benefits.

In addition to the merit UC staff that we hope to deploy to CareerLink® offices, L&I still has some of the contractors that we utilized throughout the pandemic. As I have mentioned previously to this committee, contractor attrition has been a problem—these are not easy jobs—that has continued following September 4. Currently, there are 636 InspiriTec contractors who work primarily on our customer service initiative by answering phones and engaging in non-merit staff work. We expect to retain these staff until funding constraints force us to end their contracts.

The contractors who have supported the work of our merit staff throughout the pandemic are an incredible resource to the commonwealth and to the people of Pennsylvania. They have come to understand the nuances of this system and to anticipate the problems that are common to many claims. We had hoped to retain many of them in a full-time capacity once the federal pandemic laws expired; their knowledge and experience is invaluable. I am pleased to report that a new class of 90 UC interviewers is scheduled to begin work on October 18 and that this class includes many former contractors. By bringing them on board and drawing on their recent experience and knowledge capital, we are enhancing our ability to process as many claims as possible as quickly as possible to ensure that as many Pennsylvanians as possible receive the benefits they have earned.

L&I also continues to make progress on the phones and in processing claims. The week ending October 8 saw the fewest number of busy signals since before March 2020, when the pandemic began. The wait time on the phones dropped to an average of under ten minutes and L&I answered over 40,000 phone calls. Progress also continues on adjudications. Staff complete over 20,000 adjudications per week on average and the number of outstanding adjudications stands at 99,423.

Beyond the benefits already discussed, the new UC system has continued to demonstrate its value and efficiency in a myriad of other areas as well. Recently, the horrific damage from the remnants of Hurricane Ida led the Federal Emergency Management Agency (FEMA) to declare eight Pennsylvania counties disaster recovery zones where residents qualify for individual assistance. When this designation occurs, L&I is federally mandated to implement a temporary unemployment program: Disaster Unemployment Assistance (DUA). In the past, this was a time-consuming and cumbersome process. Now, however, the new UC system allows staff to implement this program in short order which quickly gets the Pennsylvanians affected by this disaster the benefits they need.

## **Overpayment Updates**

As this committee is aware, overpayments of unemployment benefits occur when a claimant receives benefits that they are later found to have been ineligible to receive. There are two types of regular UC overpayments: fault and non-fault overpayments. Fault overpayments, or fraud overpayments, happen when an individual intentionally withholds or provides incorrect information about a claim and receives UC benefits for which they are not eligible. These individuals are required to repay their fault overpayment, as well as interest if the fault overpayment principal is not paid within 15 days after notice is issued by UC.

Non-fault overpayments occur when a claimant receives benefits for which they are not eligible through no fault of their own. When a non-fault overpayment is issued, claimants do not need to proactively repay these benefits within 15 days. Instead, the department withholds 33.3% of future benefits on a weekly basis until the non-fault overpayment is completely repaid. If a claimant does not receive any further unemployment benefits, the balance of the non-fault overpayment is forgiven after three years.

Overpayments have become more common since March 2020, primarily due to the proliferation of temporary federal programs and the large quantity of unemployment claims filed. When a claimant is found to have been mistakenly receiving benefits he or she is not entitled to, staff issue non-fault overpayments. As L&I continues to review claims from the past 18 months, more non-fault overpayments will be issued. For fault and non-fault overpayments claimants are always entitled to a fulsome appeals process.

Another benefit of a modernized UC system is that the UC Service Centers can issue non-monetary and overpayment determinations far more efficiently than in the legacy system. This enables staff to establish overpayments in a timelier manner. The modernized system also posts the overpayments to claimants' accounts automatically, allowing staff to focus on other duties.

Due to the nature of overpayment processing, there is no specific "backlog" of overpayments that we can point to. Overpayment detection and establishment will continue for years as we find issues through crossmatches and other sources that can affect benefits retroactively. For context, prior to the pandemic, L&I was still issuing non-fault overpayments generated from the Great Recession in 2008.

## **Fraud Updates**

L&I successfully addressed a great deal of fraudulent activity in the new UC system following the implementation of ID.me. Most recently, claimants complete ID.me when they change their method of payment. We have detected over 375,000 fraudulent initial claims filed since the June 8 "Go-Live" date for the new UC system. This represents over 65% of all initial claims filed. L&I's backend fraud measures, as well as the dedicated efforts of our fraud prevention staff, have prevented over \$3.6 billion in

fraudulent payments from reaching the hands of fraudsters had those claims paid out over the 26-week lifecycle.

While our fraud prevention measures have curbed the vast majority of fraud occurring in the system, L&I became aware in late September of an uptick in initial claims that were built without ID.me verification. We worked quickly with our UC system vendor and ID.me to institute a fix. This fix went into place the week of September 19 and ID.me is now working as intended during the initial and continued claim processes, Keystone ID change process, and the payment method change process.

L&I's commitment to combatting fraud remains resolute. We are working diligently to process returned payments, debit cards, and checks; return a significant number of fraud calls; and investigate over 100,000 identity theft complaints. To date, the Department has received two federal PUA fraud grants, each at \$2,041,200, and two PEUC fraud grants, each at \$388,800. L&I also expects to soon receive another federal grant for \$3,684,000 for fraud detection and prevention, including identity verification and overpayment recovery activities. These federal grants are invaluable to our fraud prevention efforts and are indicative of USDOL's recognition of the scale and scope of coordinated unemployment fraud across the country. To date, we have recovered over \$62.5 million in fraudulent funds between our Internal Audits Division (IAD) and collaborative efforts with our law enforcement partners.

Thank you for the opportunity to share these updates about the UC system, the winddown of the federal pandemic programs, overpayments, and fraud this morning. We look forward to answering your questions at this time.