

HOUSE OF REPRESENTATIVES  
COMMONWEALTH OF PENNSYLVANIA

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BUDGET HEARING  
DEPARTMENT OF LABOR & INDUSTRY

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House Appropriations Committee

Main Capitol Building  
Majority Caucus Room 140  
Harrisburg, Pennsylvania

Tuesday, February 18, 2014 - 4:04 p.m.

1300 Garrison Drive, York, PA 17404  
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1 COMMITTEE MEMBERS PRESENT:

Honorable William Adolph, Jr., Majority Chairman

2 Honorable Ryan Aument

Honorable Karen Boback

3 Honorable Jim Christiana

Honorable Gary Day

4 Honorable Brian Ellis

Honorable Glen Grell

5 Honorable Seth Grove

Honorable Adam Harris

6 Honorable Tom Killion

Honorable David Millard

7 Honorable Mark Mustio

Honorable Donna Oberlander

8 Honorable Bernie O'Neill

Honorable Scott Petri

9 Honorable Jeffrey Pyle

Honorable Curt Sonney

10 Honorable Joseph Markosek, Minority Chairman

Honorable Brendan Boyle

11 Honorable Matthew Bradford

Honorable Michelle Brownlee

12 Honorable Mike Carroll

Honorable Scott Conklin

13 Honorable Madeleine Dean

Honorable Deb Kula

14 Honorable Michael O'Brien

Honorable Cherelle Parker

15 Honorable John Sabatina

Honorable Steven Santarsiero

16 Honorable Jake Wheatley

17 REPUBLICAN NON-COMMITTEE MEMBERS PRESENT:

18 Honorable Robert Godshall

Honorable Daryl Metcalfe

19 Honorable Matthew Gabler

Honorable Rick Saccone

20 Honorable Hal English

Honorable Mike Tobash

21 Honorable Paul Clymer

Honorable Will Tallman

22 Honorable Mario Scavello

Honorable Steve Mentzer

23 Honorable Marguerite Quinn

Honorable Mark Gillen

24

25

1 DEMOCRATIC NON-COMMITTEE MEMBERS PRESENT:

2 Honorable Pam DeLissio  
3 Honorable Dan Frankel  
4 Honorable William Keller

5 STAFF MEMBERS PRESENT:

6 David Donley  
7 Majority Executive Director

8 Ritchie LaFaver  
9 Majority Deputy Executive Director

10 Daniel Clark, Esquire  
11 Majority Chief Counsel

12 Miriam Fox  
13 Minority Executive Director

14 Beryl Kuhr, Esquire  
15 Minority Chief Counsel  
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1 MAJORITY CHAIRMAN ADOLPH: Good afternoon,  
2 everyone. I would like to reconvene the House  
3 Appropriations Committee budget hearings. It's  
4 certainly my pleasure to have before us here today  
5 the Secretary of the Department of Labor and  
6 Industry, Secretary Julia Hearthway.

7 Good afternoon, Madam Secretary.

8 SECRETARY HEARTHWAY: Good afternoon.

9 MAJORITY CHAIRMAN ADOLPH: It's also a  
10 privilege to have here with us the Republican and  
11 Democratic chair of the House Labor Committee,  
12 both former members of the House Appropriations  
13 Committee, Representative Mario Scavello and  
14 Representative Bill Keller. Thank you, gentlemen,  
15 for being here.

16 Chairman Markosek, any brief comments for  
17 the Secretary before she makes her opening  
18 comments?

19 MINORITY CHAIRMAN MARKOSEK: Thank you,  
20 Chairman. Just to welcome Madam Secretary. Good  
21 to see you again. It's probably one, two, three,  
22 four, fourth time for you and I and some of the  
23 rest of us here. So, welcome, and keep up your  
24 good work. Thank you.

25 SECRETARY HEARTHWAY: Thank you.

1 MAJORITY CHAIRMAN ADOLPH: Thank you.

2 Madam Secretary, the mike is yours.

3 SECRETARY HEARTHWAY: I do have a few  
4 opening remarks that I think are topics that  
5 everyone are interested in and might save a little  
6 bit of time. First, thank you for having me here  
7 to speak about the budget and some of the issues  
8 with L&I.

9 I did want to say with respect to the UC  
10 Trust Fund, as a result of Act 6 and Act 60, we  
11 currently have paid into the fund more revenue now  
12 than we pay out in benefits. It's been a long  
13 time since that has occurred, but we now bring  
14 more in revenue than we pay out in benefits.

15 Our current balance as of December 31st of  
16 2013 was 263 million. We are still on track to be  
17 at almost a hundred percent solvency by 2019, and  
18 we will have the bonds fully serviced and paid for  
19 by 2019.

20 I did specifically want to touch on the  
21 service call centers and the lack of busy signals  
22 that are now being experienced. The problems that  
23 we had a year ago are fixed. They were largely  
24 due to a new phone system put in by Verizon. Our  
25 busy signals today are 95 percent less than they

1 were this time a year ago. And each month I get a  
2 report -- Actually, each week I get a report. We  
3 increased the number of calls that we take as  
4 well. So, our busy signals have dramatically  
5 decreased, and our time in answering calls and  
6 answering questions and getting help to people are  
7 increasing on a weekly basis.

8 I interact with most of you, I think, on  
9 legislative matters, but we've had a number of  
10 significant legislative accomplishments, Act 6 and  
11 Act 60 that I just mentioned, the Child Labor Law,  
12 and recently the transportation bill.

13 We have a lot of other legislation in the  
14 works; physician dispensing being one of them.  
15 But I wanted to take a moment to tell you about a  
16 few things happening internally that you may not  
17 be as aware of. And I will just mention a few of  
18 these.

19 The Governor has often said, you cannot  
20 run government like a private business. They are  
21 different. But you can apply private business  
22 principles to the way in which you run things. We  
23 have taken that to heart at Labor and Industry.  
24 We've done a great deal to improve the services  
25 being delivered to the citizens and to do it in an

1 effective, efficient, and less costly manner. I  
2 wanted to point out just a few of those.

3 One of them is a prison cross match. We  
4 refer to it as Operation Close the Barn Door. We  
5 now for every UC claimant that applies for  
6 benefits, we cross-check it with the prison inmate  
7 population. That was not a particularly difficult  
8 thing to do. We use JNET and cross-match it with  
9 the computer system that keeps track of our  
10 inmates. In doing that, we have estimated--it's  
11 an estimate--that we've saved the UC Trust Fund a  
12 hundred million dollars a year by using this  
13 cross-match system.

14 Obviously, if you are in prison, you are  
15 not allowed to collect unemployment benefits.  
16 Many prisoners were collecting unemployment  
17 benefits. We have shut that barn door. That is  
18 not occurring anymore, and it's a tremendous  
19 savings to the UC Trust Fund.

20 We have revamped our UC audit division,  
21 our Unemployment Compensation Tax Audit Division.  
22 Previously it was very decentralized, fragmented.  
23 It was not very modernized. We actually had tax  
24 agents picking up checks. We now have completely  
25 modernized the system. We have centralized it.



1 Audits of businesses were done very randomly. We  
2 are now much more circumspect in how we do these  
3 audits, who's audited; what triggers or red flags  
4 go up to audit.

5 I wanted to also mention that we completed  
6 our state integrated workforce plan and submitted  
7 it to the U.S. Department of Labor. We're  
8 required to do this every five years. With this  
9 particular plan, we spent a great deal of time  
10 drawing on labor statistics and data, analyzing  
11 them. We were very careful to integrate both  
12 workforce development with education with DPW with  
13 economic development. We drafted a plan, and we  
14 were commended by the U.S. Department of Labor for  
15 the thoroughness and comprehensive manner in which  
16 we approach workforce development. They actually  
17 use Pennsylvania's plan as a model for other  
18 states to follow.

19 I think, as all of you know, federal funds  
20 have shrunk dramatically. In one area that we've  
21 tried to compensate for that is, we've been very  
22 aggressive in applying for national emergency  
23 grants. To date, this week Pennsylvania has  
24 received over \$19 million in national emergency  
25 grants that we applied for to help workers in

1 various situations.

2 Our Office of Vocational Rehabilitation  
3 has implemented a fiscal efficiency plan with 13  
4 different points of finding efficient cross-check,  
5 double check matters so that we are effective and  
6 good stewards of taxpayer dollars.

7 I mention this because, internally, I  
8 wanted all of you and the citizens of Pennsylvania  
9 to know that we are doing what we can to  
10 modernize, update, be efficient in our operations  
11 so that services are delivered in a more effective  
12 manner. Are there still things that need to be  
13 changed? Absolutely. It's a big agency, a lot of  
14 different responsibility; but I wanted you to be  
15 aware of the work that is being done by the very  
16 good staff at Labor and Industry.

17 MAJORITY CHAIRMAN ADOLPH: Okay. Thank  
18 you very much, Madam Secretary. I want to  
19 personally thank you for getting involved in the  
20 busy signals. It's certainly a problem for the  
21 Pennsylvania residents.

22 I also want to compliment you. I just was  
23 told by my district office manager that the  
24 follow-up, when the problem still does exist  
25 today, that we have been able to in my district

1 office bring the constituent into our office, fill  
2 out a form, and then fax it to your department.  
3 And sometimes to the disbelief of the constituent,  
4 within a half an hour sometimes that person, that  
5 claimant, is being taken care of. So, that  
6 follow-up really means an awful lot for these  
7 people. Because I always say, you know, we are  
8 going through a recession, but when you are laid  
9 off, it's a depression. And we really need to  
10 take care of these hardworking folks who,  
11 unfortunately, were laid off.

12 Thank you very much. And I'm looking  
13 forward to working with you and the Labor  
14 Committee on a bill that we are going to be  
15 introducing real soon to help a ship builder in  
16 South Philadelphia involved in workers'  
17 compensation problems. So I am looking forward to  
18 working with you.

19 Chairman Scavello.

20 REPRESENTATIVE SCAVELLO: Thank you,  
21 Mr. Chairman. What a pleasure it is to be back  
22 here at the Appropriations Committee.

23 Good afternoon, Madam Secretary. I had  
24 about eight questions, and you answered four of  
25 them in your comments.

1           One is, what effect does the workmen's  
2 comp cancer presumption for firefighters have on  
3 the solvency for SWIF?

4           SECRETARY HEARTHWAY: None as to date.  
5 It's still relatively new. On the cancer  
6 presumption, there has been a little over a  
7 hundred claims submitted. Most of those claims  
8 predate the time in which the statute was passed.  
9 We have been insuring a number of places, a number  
10 of fire departments because they have been dropped  
11 mostly by mutual funds that have been supporting  
12 them.

13           I suspect that the market will work itself  
14 out. This is sort of a new arena. Insurance  
15 companies don't like unknowns. And so there is an  
16 immediate rush to drop some of these claims.  
17 We've not seen decisions that are impacting  
18 significantly financially on this. And I suspect  
19 the private market will enter back into providing  
20 those policies at some date.

21           REPRESENTATIVE SCAVELLO: I hope that  
22 happens. I know you have been working on this for  
23 the last few years, the status of the  
24 establishment of a statewide definition for the  
25 term laborer under the Prevailing Wage Act.

1 Anything new there?

2 SECRETARY HEARTHWAY: We have posted that  
3 definition.

4 REPRESENTATIVE SCAVELLO: It's posted?

5 SECRETARY HEARTHWAY: It is posted. It  
6 was posted a couple of weeks ago. It is a  
7 statewide single definition for laborer that  
8 everyone can look at. It's some 36, 37 points.  
9 It's very specific. Hopefully, it will take the  
10 guesswork for contractors out of the equation.  
11 They'll now understand what is in a definition of  
12 a laborer. I have to commend the laborers'  
13 association, the unions. They've worked with us  
14 tirelessly to come up with this definition, and it  
15 has been posted.

16 REPRESENTATIVE SCAVELLO: Great. What is  
17 the department doing to expand business  
18 participation and Keystone Works -- WC and Keystone  
19 Works Programs?

20 SECRETARY HEARTHWAY: Keystone Works has  
21 been slow to get any kind of momentum. I have  
22 personally approached a number of companies and  
23 asked them to work with me to try and get people,  
24 currently on unemployment, on-the-job training and  
25 hired. We are working with half a dozen companies

1 now to try to fill those positions. I will tell  
2 you the numbers are small. We do have more  
3 businesses interested right now than we do  
4 individuals, and I don't know why that's the  
5 case. We are looking at doing a survey both of  
6 claimant individuals, as well as businesses, to  
7 see what are the roadblocks in wanting to engage  
8 in this program. Is it too long? Do we have it  
9 only on high priority occupation?

10 It's a very noble way to get people off of  
11 unemployment. It's on-the-job training, a new  
12 skill while they are currently on unemployment.  
13 So it's been slow to get off the ground. We've  
14 been working -- I have been personally working  
15 with some companies to figure out what the  
16 roadblocks are.

17 REPRESENTATIVE SCAVELLO: Good. My last  
18 question, could you provide any update on the  
19 funding for the Centers of Independent Living and  
20 where we stand with them?

21 SECRETARY HEARTHWAY: There was some issue  
22 last year and the year before with respect to a  
23 level of funding for the Centers for Independent  
24 Living with a 4 percent administration fee.  
25 It was the 4 percent administration fee that was

1 the controversy. We needed to place an  
2 administration fee on the centers or we would lose  
3 the federal match without doing so.

4           However, our Office of Vocational  
5 Rehabilitation has been so efficient in their  
6 administering of these programs that we do not  
7 need 4 percent to administer. We need 2.75. So,  
8 in a sense, they get a little bit of an increase  
9 because we're now only charging 2.75 percent for  
10 the administration fee.

11           REPRESENTATIVE SCAVELLO: And thank you  
12 very much, and thank you for the good work you do  
13 down at Labor and Industry. It's a pleasure  
14 working with you.

15           Thank you, Mr. Chairman.

16           MAJORITY CHAIRMAN ADOLPH: Thank you,  
17 Chairman Scavello. Madam Secretary, I've been  
18 asked to ask you if you could pull your mike a  
19 little closer to you. Thank you.

20           I would also like to announce the presence  
21 of Representative Quinn and Representative Mentzer  
22 have joined us. Thank you.

23           Chairman Keller.

24           REPRESENTATIVE KELLER: Thank you,  
25 Mr. Chairman.

1           Madam Secretary, always a pleasure to see  
2 you.

3           I'm glad you mentioned Act 60. I don't  
4 think people understand what a heavy lift that  
5 was, and it's an example of us all working  
6 together to get something accomplished. It was a  
7 4-billion-dollar problem that the State had been  
8 trying to solve for ten years and they couldn't do  
9 it, and under your direction it was done, and I  
10 think we should do more of that. It was a great  
11 accomplishment that nobody -- You never know about  
12 anything if it goes right. You only know if it  
13 goes bad. It was a very good job of getting that  
14 done. It made a big difference in the State. We  
15 were really running out of unemployment without  
16 that fix, and it was a very good job.

17           Last year, again, we worked on a bill.  
18 House Bill 26 became Act 34 of 2013. It provided  
19 a funding stream to staff unemployment  
20 compensation service centers. That was another  
21 good fix. I was just wondering, can you give us  
22 how the funding authorized in Act 34 has been used  
23 so far?

24           SECRETARY HEARTHWAY: The funding that you  
25 have administered to us from the employee



1 contribution of the UC tax has been used primarily  
2 to keep our staffing levels up. I would say 90  
3 percent of it has been used for salaries; to keep  
4 staffing within our service centers, within our UC  
5 tax office and our Bureau of Appeals, UC appeals.

6 REPRESENTATIVE KELLER: I think that's a  
7 great use for it, and that was part of the problem  
8 we had last year with not having enough people  
9 employed to take care of the problems. I think  
10 that's a great use of it.

11 SECRETARY HEARTHWAY: It was very much  
12 appreciated. When the federal government in a  
13 single year withdraws \$40 million, it's  
14 significant.

15 REPRESENTATIVE KELLER: Well, that's  
16 sequestration. We're not for that, by the way.  
17 That brings us back to our main topic last year.  
18 I was very appreciative last year when the  
19 Chairman ended this hearing with saying you should  
20 sue somebody's pants off. I was very happy to  
21 hear that at that time.

22 And, you know, we know that the  
23 modernization of the computer system was a  
24 complete failure, and we're not the only state. I  
25 see where Florida is now penalizing their vendor

1 of modernization of systems an enormous amount a  
2 day and Ohio had the same problem. So, it wasn't  
3 unique to us. And I think I know the answer to  
4 this, but just trying to make an attempt to see  
5 what the Commonwealth has recouped any of that  
6 money that was paid to the vendor, which did not  
7 deliver the services they were supposed to.

8 SECRETARY HEARTHWAY: Not yet. The matter  
9 has been turned over to General Counsel's Office,  
10 and the attorneys are looking at it to see what  
11 the next steps are with respect to that. It is  
12 not a unique problem. Lots of states have  
13 encountered this.

14 I think where Pennsylvania was different  
15 is that we didn't roll the system out in an  
16 ineffective manner. We stopped the process of --  
17 not before a great deal of money was spent, but we  
18 stopped the process before benefits checks  
19 stopped. There are other states that could not  
20 make their UC payments based on their computer  
21 system not working. Pennsylvania did not  
22 encounter that.

23 CHAIRMAN KELLER: Again, I would like to  
24 thank you. I know you terminated the contract.  
25 It would have just languished on if you didn't do

1 that. I think that was a bold step, and it  
2 doesn't seem like many states have done that. I  
3 want to compliment you on taking that step also.

4 The Legacy system, the old Legacy system  
5 that we were trying to replace, how is that  
6 holding up under the current demand?

7 SECRETARY HEARTHWAY: Relatively well.  
8 One of the biggest difficulties is, it's an old  
9 program, and we're losing those individuals that  
10 can understand and write for that program. With  
11 the federal government changing things, each time  
12 there's a change, we have to rewrite the program,  
13 so that is a bit challenging for us. And there  
14 are incidences where it doesn't run as smoothly,  
15 but it is chugging along, and we have done things  
16 to shore it up. We have also worked at retraining  
17 individuals so that they are better equipped for  
18 that.

19 And I will tell you, because you've  
20 mentioned the other states, my Deputy Secretary of  
21 Unemployment Compensation, Gregg Shore, is meeting  
22 with states. A number of states have gathered  
23 together because they've had the same type of  
24 modernization computer problems. So we're pulling  
25 together our resources. We're looking to see what

1 has similar systems in each of the state, and if  
2 we can have a universal computer system where we  
3 share the cost of the development and see how far  
4 along they are. So those discussions are taking  
5 place. I am very hopeful that we will find a  
6 system that's further along that we can more or  
7 less buy into, along with other states to work  
8 with to make sure it's the most effective system.

9 REPRESENTATIVE KELLER: Just it's  
10 bewildering that in this day and age we're having  
11 problems getting a computer system to work. It's  
12 just amazing to me.

13 On that note, the funding that was  
14 provided by House Bill 26, like I said, keeping  
15 workers funded I think is the right thing. If we  
16 get to a point, will you be able where you need to  
17 fix the Legacy system or to modernize, or to find  
18 out how to modernize the computer, do you have any  
19 designs on using some of that money for that?

20 SECRETARY HEARTHWAY: Not at the current  
21 time, but it's always in the back of my mind that  
22 that is a source of funding we could utilize now  
23 to have a new computer system.

24 REPRESENTATIVE KELLER: Because that's  
25 eventually where we got to be.

1           SECRETARY HEARTHWAY: We eventually have  
2 to get there. I just want to do it very  
3 deliberately, carefully. I'm not going to repeat  
4 the problems of the past.

5           REPRESENTATIVE KELLER: Thank you. I'm  
6 not done yet, Mr. Chairman.

7           Maybe this is a question for Chairman  
8 Scavello. In Act 60, we had some unintended  
9 consequences where people who worked overtime were  
10 making too much money. We had a 49 and a half  
11 percent outside your highest quarter. That's been  
12 a problem especially in the construction  
13 industry.

14           I know we worked real hard in getting a  
15 fix into House Bill 403 over in the Senate -- that  
16 was amended in the Senate with a fix. Now we're  
17 having problems in the House. We're trying to  
18 work with Chairman Scavello and Senator Gordner  
19 and everybody involved. Have you heard anything  
20 about the problems we're having in the House with  
21 that fix?

22           SECRETARY HEARTHWAY: I know that not  
23 everyone is comfortable with the suggested fix  
24 that Labor and Industry had come up with. We are  
25 meeting with various individuals. There is

1 legislators to try and come up with a very  
2 targeted solution that everybody would be  
3 comfortable with.

4 CHAIRMAN KELLER: And my point is, we have  
5 the fix that will help 4,000 people, and we have  
6 delayed it longer than we should have already. I  
7 just know I'll be pushing, and I think we should  
8 all push together. If we have a fix for 4,000  
9 people, we shouldn't delay it. If we need a fix  
10 for additional people, we should do that also.

11 As the Chairman started out saying, when  
12 people are on unemployment, they need these  
13 checks. It's their whole way of surviving, and we  
14 should be able to -- We know we made a mistake,  
15 but we should be able to fix that and fix it  
16 quickly.

17 My last question, Mr. Chairman.

18 Madam Secretary, we met with Director  
19 Suroviec about the Business Enterprise Program  
20 under the OVR.

21 SECRETARY HEARTHWAY: Yes.

22 REPRESENTATIVE KELLER: It was a bad audit  
23 that came back. We all understand that, and he  
24 agrees with that. I was just wondering if -- And  
25 that's not state money, so everybody, it's not

1 state money, and we are working on it and people  
2 are going to get fixed. But, are there other  
3 programs that should have this oversight? I know  
4 you have a ton of programs, but this one kind of  
5 got out of hand.

6 SECRETARY HEARTHWAY: This is the blind  
7 and visual services?

8 REPRESENTATIVE KELLER: Yes.

9 SECRETARY HEARTHWAY: Let me clarify. We  
10 knew this was a problem. We requested this  
11 audit. We asked for them to come on board and  
12 audit this division so we could see where the  
13 problems were and how to correct them. We worked  
14 with the auditors through the entire process.  
15 Most of their suggestions had already been  
16 implemented because this was a joint process.  
17 This was not a situation where they came in,  
18 audited us, we didn't speak, and then they slammed  
19 us with a bad report. It was something we  
20 requested.

21 We knew it wasn't going to be pretty. We  
22 knew that there weren't the checks and balances  
23 that should be in place, but we wanted a very  
24 methodical road map to correct that. So we worked  
25 together. This is one of the things that we have

1 been doing internally to make sure that the money  
2 is spent wisely, it's accounted for, and that  
3 everything is transparent.

4 REPRESENTATIVE KELLER: But my question  
5 was, do you think there's other programs that need  
6 this kind of oversight also? And I know it's not  
7 your fault. I mean, it was done way before you  
8 got there.

9 SECRETARY HEARTHWAY: I will tell you that  
10 there are programs that have been running without  
11 a lot of oversight for a long, long time, and we  
12 are taking a very close and careful look at all of  
13 them. I do believe we've hit the major ones that  
14 have not had the checks and balances that they  
15 should. Have we caught everything yet? Probably  
16 not.

17 REPRESENTATIVE KELLER: My final  
18 question. I know you have to support the  
19 Governor's budget as proposed. I get that. But  
20 I'm going to sit with the Chairman after this  
21 meeting. There's a couple line items, especially  
22 including the blind vendors, which is a great  
23 program. I don't think people understand how good  
24 that program is that help the visually impaired  
25 people. It's a great program. But I believe



1 there is some money being left on the table,  
2 because there's a 4-to-1 match on most of that  
3 money. So, if I can just get the Chairman to bump  
4 up a line item or two, we will be able to increase  
5 that by four. I know you have to stay with the  
6 proposed budget.

7 SECRETARY HEARTHWAY: If I can interject  
8 for a second. It is prudent to have a buffer on  
9 those federal 4-to-1 and sometimes 9-to-1 matches,  
10 because the federal government often rips that  
11 money back and does so fairly quickly. So if we  
12 go right up to the match on everything, we lose  
13 all flexibility when they do that.

14 REPRESENTATIVE KELLER: I'm very targeted  
15 at what I'm trying to get done,. You know it.

16 Thank you, Mr. Chairman.

17 MAJORITY CHAIRMAN ADOLPH: Thank you. And  
18 I'm looking forward to be working with you between  
19 now and June 30th as well.

20 Representative Mark Mustio.

21 REPRESENTATIVE KELLER: You know I'm  
22 always available, Mr. Chairman.

23 REPRESENTATIVE MUSTIO: I did want to  
24 agree with Chairman Keller on his comments  
25 regarding the unemployment fix for the seasonal

1 construction workers. I wanted to make that  
2 comment before I got specific on a budget line  
3 item, the strategic early warning network.

4 I did attend a Senate Joint Caucus meeting  
5 between their economy business and jobs caucus,  
6 their community college caucus, and their  
7 manufacturing caucus that your Deputy Secretary  
8 Staten attended and spoke, and she did introduce  
9 Tom Kroft from SEWN at that meeting, and they had  
10 two businesses speak that were beneficiaries of  
11 the work that SEWN does as far as keeping jobs in  
12 Pennsylvania.

13 So my specific question to you is, do you  
14 agree that layoff aversion services are essential  
15 and will continue to be essential in this budget  
16 and will that line item continue to be funded?

17 SECRETARY HEARTHWAY: Yes. And I believe  
18 the request is a level funding now, and I think  
19 that's appropriate.

20 REPRESENTATIVE MUSTIO: Thank you very  
21 much, and that's my last question.

22 MAJORITY CHAIRMAN ADOLPH: Thank you very  
23 much, Representative.

24 Representative Sabatina.

25 REPRESENTATIVE SABATINA: Thank you,

1 Mr. Chairman. Thank you, Secretary. Just to  
2 follow up on Representative Mustio's question  
3 about SEWN. I was also visited by a member of  
4 that organization, and I was informed on what a  
5 great program it is saving jobs and unemployment  
6 and things like that.

7 I heard you say about a level funding. Is  
8 there any cost benefit to increasing that funding  
9 at this time?

10 SECRETARY HEARTHWAY: I would not  
11 recommend that, no. I think the program is  
12 working well, but I think it is appropriately  
13 funded now.

14 REPRESENTATIVE SABATINA: Okay. Has  
15 anyone done any research or technical studies?  
16 There's always a law of diminishing returns where  
17 you increase it and you only get so much in  
18 return. I'm wondering what the proper level of  
19 funding -- You're saying the proper level of  
20 funding is what is currently? It wouldn't be  
21 better if it were increased?

22 SECRETARY HEARTHWAY: I think those  
23 reaching out to be serviced by it are being well  
24 served, and no one is being turned away. So, the  
25 basis of saying that it's, I think, appropriately

1 funded at this time.

2 REPRESENTATIVE SABATINA: Okay. Thank you  
3 very much.

4 MAJORITY CHAIRMAN ADOLPH: Thank you.  
5 Representative Curt Sonney.

6 REPRESENTATIVE SONNEY: Thank you,  
7 Mr. Chairman. Madam Secretary, nice to see you.

8 I don't want to belabor the point, but I  
9 want to go back to the 49-and-a-half-percent  
10 rule. I represent eastern Erie County, and I've  
11 met with a number of constituents that have been  
12 affected by that change. And I would ask that if  
13 you could supply the Chairman with the numbers of  
14 the people that have been affected throughout the  
15 state, and what I would really be interested in is  
16 if you could break it down by county, if that's  
17 possible, and also the savings that has been  
18 derived specifically from that change.

19 SECRETARY HEARTHWAY: I can tell you we  
20 estimated that it would be an average of 49,000  
21 individuals affected by the 49 and a half  
22 percent. That was averaged out over a five-year  
23 period. This past year, it's been 41,000  
24 individuals affected by the 49 and a half  
25 percent.

1 I will also tell you with every single  
2 individual who feels that they have been impacted  
3 by it, I've asked them to contact our office, and  
4 we've looked at those individual cases. I would  
5 encourage you to have your constituents or through  
6 you to contact us of the specific constituents  
7 that are having problems. Because, invariably, we  
8 have of this group--and I've looked at them  
9 personally myself a number of them--we have a  
10 third that would not have qualified under the old  
11 law or the new law. They've simply now  
12 misunderstood and think it's the new law causing  
13 them not to get benefits. We have about a third  
14 that do qualify and didn't realize it; that they  
15 do have sufficient hours, weeks, wages to qualify  
16 for.

17 REPRESENTATIVE SONNEY: In that particular  
18 group, they did not even apply are you saying, or  
19 they were denied?

20 SECRETARY HEARTHWAY: Yes. There is a  
21 group that because they hear that they're not  
22 going to get it, make that assumption instead of  
23 applying. And there is about a third of the cases  
24 I've looked at -- I've gotten lists from unions  
25 from different contractors of some working in

1 transportation where they say, we don't qualify.  
2 We look at their circumstances and about a third  
3 do qualify.

4 So I would encourage them to apply; not  
5 simply assume they don't qualify at this point.  
6 And then there are about a third that we look at  
7 that don't qualify. Those that don't qualify  
8 generally need two, no more than four weeks of  
9 work outside their high quarter to now qualify.  
10 And knowing that is very helpful to those  
11 constituents. Knowing that it's that piece that  
12 is missing is very helpful.

13 REPRESENTATIVE SONNEY: Well, that's  
14 helpful knowing in the next year, but it doesn't  
15 help them out in the situation they are in.

16 SECRETARY HEARTHWAY: But every quarter  
17 you have a new base year that you calculate for  
18 your unemployment benefits. So it may not be a  
19 year that they have to wait in order to qualify.

20 REPRESENTATIVE SONNEY: So they can  
21 readjust their existing claim by simply --

22 SECRETARY HEARTHWAY: No.

23 REPRESENTATIVE SONNEY: -- going to work  
24 and saying, hey, I've worked a little bit. You  
25 know, once you establish that claim, that claim is

1 open for one year, correct?

2 SECRETARY HEARTHWAY: Yes, yes.

3 REPRESENTATIVE SONNEY: So, how do you  
4 change the calculations within that year?

5 SECRETARY HEARTHWAY: A lot of people go  
6 in and out of employment through that year, and  
7 some of those in and outs will now requalify you  
8 for that unemployment. It depends on each  
9 individual circumstances.

10 REPRESENTATIVE SONNEY: Okay. I will  
11 definitely look into that one. And I would just  
12 like to bring you another circumstance that is not  
13 big by any means, but I think that it might be an  
14 easy fix for you to do. General Electric is right  
15 next to my district, the General Electric plant in  
16 Erie, and they do what they call rolling layoffs.  
17 And the situation that I've run into is where I  
18 have an individual that hasn't been laid off for  
19 25 years, so they know nothing about the process,  
20 and they go online and they open their claim. And  
21 when they open that claim, you know, one of the  
22 questions is, do you have a return-to-work date.  
23 And these are the people that have a return-to-  
24 work date in either one week or two weeks, you  
25 know, sometimes three weeks. But it's usually a

1 very short time span. And, of course, the reason  
2 for asking that question is it keeps them from  
3 having to do the work search obligation.

4 But these individuals, since they haven't  
5 been in the system for years and years and years,  
6 they think that they're done; that they don't have  
7 to do anything else. In other words, they don't  
8 have to go back in and actually submit for those  
9 checks.

10 You know, opening the claim is one  
11 process, right? And then going back again after  
12 the time period, I guess, I'm not fully certain on  
13 how it works, but you have to go back in and  
14 actually apply for the money then, correct?

15 SECRETARY HEARTHWAY: Yes. There's a week  
16 waiting period.

17 REPRESENTATIVE SONNEY: That's the part  
18 that they're missing, because they think once they  
19 check the box, they are returning to work in two  
20 weeks that you know they are going back to work.  
21 They don't have to do anything else. Now, the  
22 ones that I've met with, and it's been quite a few  
23 actually, again, because it's all new to them, and  
24 they are led to believe simply by checking that  
25 they are going back to work in two weeks that,



1 knowing they have a waiting week, that they just  
2 expect that one week's pay to come because they've  
3 notified you.

4 And I've, you know, informed them that you  
5 have to go back, and then after the time period  
6 inform them that you actually did not work that  
7 two weeks. But that's just a little glitch like,  
8 that maybe if we can add something around where  
9 they are checking that box, that it's not the end  
10 of the process.

11 You know, you contact the unemployment and  
12 we know that a packet is sent out. Well, again,  
13 this group they are already back to work probably  
14 before the packet even comes anyway, and they  
15 just -- they don't read it. They think it's a  
16 done deal. I just wanted to bring that to your  
17 attention.

18 SECRETARY HEARTHWAY: Thank you. And it's  
19 a point well taken. We've worked very hard at  
20 making the booklet, the computer screens readable,  
21 understandable, simplified. We meet actually  
22 frequently with Legal Services, and they tell us  
23 this is how this is being misinterpreted; this is  
24 how that's being misinterpreted.

25 I'll take your statements. My deputy

1 secretary that runs that department is in the  
2 audience, and we'll take a look at that  
3 situation. I had not specifically considered that  
4 individual off for just a two-week period, and I  
5 can see where that might be confusing. It may be  
6 something that we can change with the language  
7 that clarifies it.

8 REPRESENTATIVE SONNEY: Thank you.

9 SECRETARY HEARTHWAY: Sure.

10 MAJORITY CHAIRMAN ADOLPH: Thank you,  
11 Representative. Representative Dean.

12 REPRESENTATIVE DEAN: Thank you,  
13 Mr. Chairman. Thank you, Madam Secretary. I  
14 wanted to just get a couple quick updates from  
15 last year. Under the new work search regulations  
16 last year, claimants had to go into the Job  
17 Gateway system and show their search for work  
18 habit.

19 At this point, we have community advocates  
20 who have told us as many as 79,000 folks have been  
21 denied unemployment compensation based on the fact  
22 that they are not within that system or not  
23 meeting the requirements. And despite the fact  
24 many of these people think that they did go in and  
25 register or they are meeting the requirements, can

1 you give us an update on how that system is  
2 working and who's backlogged, who's on appeal,  
3 that kind of thing.

4 SECRETARY HEARTHWAY: Your number of  
5 79,000 is correct over a four-month period. We  
6 spent a little over a year educating, informing,  
7 trying to make the system as easy as possible to  
8 register. We constantly make changes to that.  
9 Most recent changes were in December to make it  
10 even easier, and there is a printout that tells  
11 you whether you've successfully registered or  
12 not.

13 There are three notifications that go out  
14 to encourage you to register; that you haven't  
15 registered; a 21 days has past you have not  
16 registered. So there is a minimum of three  
17 notifications that go directly to a claimant. We  
18 did this for, it's either just under or just over  
19 a year. We had about in the range of 70, 75  
20 percent complying, the remainder not. We started  
21 enforcing in the sense that if they were not now  
22 registered with Job Gateway, they would not get  
23 their unemployment benefits.

24 We are now currently at an 87 percent  
25 registration rate. So, 87 percent of the

1 individuals are registering without problems and  
2 in the system.

3 I think the education time period,  
4 perhaps, was lengthy and had significant effect.  
5 But this last group, it's actually working through  
6 knowing that the benefits will stop if they don't  
7 register and now the registrations are coming in.

8 We'll continue to update the system. If  
9 there is something that is unclear, that is  
10 confusing, we will gladly change it. We want this  
11 as simple and easy as possible. Job Gateway is a  
12 wonderful tool. We have over 200,000 job postings  
13 a day on that tool. We have 350,000 people,  
14 talent, labor talent registered in Job Gateway.  
15 So it's a very valuable system for them to get  
16 into, but there were 79,000 that had not in the  
17 four-month period.

18 REPRESENTATIVE DEAN: And have many of  
19 those 79,000 now come into compliance?

20 SECRETARY HEARTHWAY: Absolutely. They  
21 come into compliance the week the benefits stop.

22 REPRESENTATIVE DEAN: Okay. And then,  
23 conversely, last year I know there was an amnesty  
24 program for those who received overpayments.

25 Could you give us an update on that? We had

1 hundreds of millions of dollars in overpayments.

2 SECRETARY HEARTHWAY: We had north of \$600  
3 million owed to the state both from businesses not  
4 paying taxes and for individuals having collected  
5 benefits they weren't entitled to, either through  
6 no fault, a mistake or by fault. That's over a  
7 40-year period. Amnesty had not been done in this  
8 state ever. We collected, I think it's 15 and a  
9 half or 16 and a half million of either  
10 overpayments or taxes on that amnesty program. I  
11 know when you look at 600 million, you may think  
12 that's not significant. That is significant for  
13 an amnesty program. That is a success story to  
14 have collected that amount. We have now stepped  
15 up our enforcement effort.

16 We were also able to get, I think, the  
17 word out to an awful lot of individuals that a  
18 common mistake for a claimant is that they think  
19 the unemployment continues until they get that  
20 first paycheck. Well, you may get a new job and  
21 not be paid for two or four weeks. Your  
22 unemployment benefits stop the day you go to work;  
23 not when you get paid from the day you go to  
24 work. Many people misunderstood that, so we're  
25 unnecessarily being charged overpayments just by

1 not understanding. We think a lot of the word in  
2 amnesty helped in that regard. People now know  
3 when they have to stop their benefits.

4 REPRESENTATIVE DEAN: Are you considering  
5 renewing an amnesty program since it was so  
6 successful?

7 SECRETARY HEARTHWAY: Not for the  
8 immediate future. I mean, part of their success  
9 is that you don't do them constantly. We now want  
10 to step up our efforts in enforcing those that did  
11 not take advantage of the amnesty program.

12 REPRESENTATIVE DEAN: A final follow-up on  
13 the Keystone Works. That was a million dollar  
14 line item last year. It renews this year at a  
15 million dollars. Number 1, I know very few people  
16 took advantage of it. I think only about \$21,000  
17 was actually used of that million dollars. So,  
18 are we talking about a second million, or would we  
19 use the original funding?

20 SECRETARY HEARTHWAY: We would use the  
21 original funding. And I would ask that you keep  
22 it there. This is a valuable program, and the  
23 reason it hasn't taken off is important to know  
24 and to try and correct. This is an opportunity to  
25 truly retrain people on the job and get them

1 quickly back to work. I'm really asking for a  
2 little bit more time to try and make that work.

3 REPRESENTATIVE DEAN: What are we doing,  
4 or what are some of the thoughts to educate  
5 employers about it?

6 SECRETARY HEARTHWAY: We are going to  
7 serve both claimants and employers. We do have  
8 more employers than claimants interested. We do  
9 have all of our CareerLinks, all of our workforce  
10 investment boards and all of our workforce  
11 partners know about it. I've worked with the  
12 Chamber to get that information out.

13 We are considering an ad campaign. It  
14 would be a very targeted ad campaign, probably  
15 through the Internet largely, to try and directly  
16 reach these individuals and let them know of this  
17 opportunity.

18 REPRESENTATIVE DEAN: Great. Thank you  
19 very much?

20 SECRETARY HEARTHWAY: Sure.

21 MAJORITY CHAIRMAN ADOLPH: Thank you.

22 Representative Jeff Pyle.

23 REPRESENTATIVE PYLE: Thank you very much,  
24 Chairman. And, Chairman, if I may preface, I  
25 bring news for the good of the committee. I'd

1 like to commend Secretary Hearthway and the guys  
2 over at L&I. We actually had a very down-home  
3 experience where one of my constituents was having  
4 problems receiving his unemployment because he  
5 worked half the year out of state. We were having  
6 problems getting compensation from that state  
7 here. He called me in a panic. Mr. Chairman, no  
8 kidding, 10 a.m. last Friday, I called over to  
9 L&I. I told them the whole story, and by 2  
10 o'clock the guy had money debited into his  
11 account, did not get evicted. Way to go,  
12 Secretary. Thank you.

13 Thank you, Mr. Chairman.

14 MAJORITY CHAIRMAN ADOLPH: Thank you.

15 Representative Matt Bradford.

16 REPRESENTATIVE BRADFORD: Thank you,  
17 Chairman. Secretary, I wanted to follow up. Last  
18 year I had asked about the current debate about  
19 increasing the minimum wage to 10.10 an hour,  
20 which is being discussed a lot at the national  
21 level and, obviously, there's a lot of push to get  
22 states to start taking the lead in this regard.  
23 At that time, with unemployment considerably  
24 higher than it is now, you said it wasn't the  
25 right time. Would this be the right time, and



1 when does the administration think the right time  
2 is?

3 SECRETARY HEARTHWAY: I do not think this  
4 is the right time. I think we are still pulling  
5 out of a recession, although Pennsylvania is 99  
6 percent recovered from the jobs that it lost  
7 pre-recession. So we are 99 percent on the way  
8 back from where we were pre-recession job level.

9 REPRESENTATIVE BRADFORD: Ninety-nine  
10 percent on the way to raising the minimum wage?

11 SECRETARY HEARTHWAY: No, no. I know  
12 there are arguments pro and con for minimum wage.  
13 Let me tell you one area that I don't hear talked  
14 about a lot that I think is important to at least  
15 consider as a factor in minimum wage. I did bring  
16 some statistics here.

17 Eighty-one percent of those people earning  
18 minimum wage in Pennsylvania are single with no  
19 children. They are largely between the ages of 16  
20 and 24, and they largely work part time. Now,  
21 what I hear time and time again from businessmen  
22 and women in the state is that, we have an awful  
23 lot of our youth that aren't work ready; that  
24 don't have the soft skills to become fully  
25 employed.

1           This is where they learn those skills.  
2           This is where they learn how to handle a boss and  
3           a co-worker. This is where they learn to get up  
4           every day, go to the job on time, stay until the  
5           job is completed. These jobs for our 16 to 24  
6           year olds are critical, and I -- They were hit  
7           significantly by the recession. I would not want  
8           to see those opportunities lost because the  
9           minimum wage was increased.

10           REPRESENTATIVE BRADFORD: I understand,  
11           and I would just respond, in realizing there is  
12           some truth to some of these jobs are done by the  
13           youth. But some of these jobs are also jobs by  
14           single moms and a lot of folks who've struggled  
15           with income and equality where, frankly, you can  
16           work 40 hours. You could work 80 hours at the  
17           minimum wage and be far below the poverty line in  
18           Pennsylvania for a family of four. The  
19           unwillingness to do anything when we're creating  
20           such an underclass of people who work hard every  
21           day, and they are not even able to glimpse the  
22           middle class with the minimum wage set where it  
23           is, is really disconcerting. We are years away  
24           from the last increase in minimum wage.

25           If we believe there should be a minimum

1 wage, let alone a living wage, it would seem that  
2 we need to get on with increasing the minimum  
3 wage. There's not really a question there. I  
4 understand where your position is. I think there  
5 is another side to that story, which is a lot of  
6 people who are working very hard and not even  
7 coming close to a living wage.

8 SECRETARY HEARTHWAY: And I understand and  
9 respect that point of view. I would like to see  
10 that group of individuals rise in the ranks of  
11 their employment level whether it's through  
12 additional training. Pennsylvania's average  
13 hourly wage is \$21.40. We need to take those who  
14 are currently needing a family-sustaining wage at  
15 minimum wage and move them, either through  
16 training, additional education, more opportunities  
17 into those higher paying jobs.

18 REPRESENTATIVE BRADFORD: Right.  
19 Understood, Secretary. I think everyone supports  
20 job training, but I think as we have a larger and  
21 larger service economy, the reality is that the  
22 ability for folks to move forward in some of these  
23 jobs is dependent upon a minimum wage that will  
24 start driving wages; not just for those at the  
25 minimum wage level, but will drive those people as

1 well. If there is no driver to move wages up --  
2 And we've seen stagnant wages for decades now. If  
3 we don't do that, we are losing our middle class.  
4 Frankly, we are losing the ability to say to  
5 folks, if you work hard, you can start moving up  
6 that ladder through one of those non-skilled  
7 jobs.

8 SECRETARY HEARTHWAY: I've looked at the  
9 argument as to whether raising the minimum wage  
10 will raise all other wages along with it, I've not  
11 seen compelling evidence that it does that. In  
12 fact, Pennsylvania has one of the higher average  
13 wages, and obviously there are states that have a  
14 minimum wage above Pennsylvania, and yet, their  
15 hourly wage is not at Pennsylvania's level. So  
16 it's a large debate, and I'd welcome continued  
17 conversation with you on it.

18 REPRESENTATIVE BRADFORD: And we can go  
19 back and forth. And I know there's a CBO article  
20 out just today about what going to 10.10 would  
21 mean, and obviously, it speaks conclusively, I  
22 think, in favor of the idea that the idea of job  
23 loss would be almost nonexistent, but that it  
24 would truly build a middle class. But again, I  
25 don't want to be argumentative.

1           And to move on to a couple other quick  
2 points. Last year, I mentioned right to work and  
3 was wondering what the Administration's position  
4 was. What is it at this time?

5           SECRETARY HEARTHWAY: It's again what the  
6 Governor has very consistently said, that if the  
7 legislature in representing your constituents has  
8 a majority vote and gets it to his desk, he would  
9 sign it. If it doesn't get to his desk, obviously  
10 he would not sign it.

11           REPRESENTATIVE BRADFORD: Paycheck  
12 protection?

13           SECRETARY HEARTHWAY: It's the same. Same  
14 situation.

15           REPRESENTATIVE BRADFORD: He would sign  
16 paycheck protection?

17           SECRETARY HEARTHWAY: If the majority of  
18 representing this state agrees with that and it  
19 gets to his desk, he would sign it.

20           REPRESENTATIVE BRADFORD: If the majority  
21 agreed with increasing minimum wage, would he sign  
22 it?

23           SECRETARY HEARTHWAY: I have not discussed  
24 that with him.

25           REPRESENTATIVE BRADFORD: At the federal

1 level as well, right now there is talk about  
2 extending unemployment benefits. What is your  
3 position on the need to do that?

4 SECRETARY HEARTHWAY: I haven't,  
5 obviously, as a state Labor and Industry  
6 individual weighed in on that. I realize there  
7 are a lot of people out there that rely on  
8 extended benefits. But again, I think there are  
9 arguments that may not be the best way to continue  
10 to help in that regard.

11 I will tell you, just operationally, it  
12 wreaks havoc on all the states to have this  
13 indecision whether we're doing it, not doing it;  
14 having a break, then reinstating it, is very  
15 difficult for all states to then do it. I will  
16 let the federal government decide what the federal  
17 government is going to do, and I will stick to  
18 what I have control over.

19 REPRESENTATIVE BRADFORD: Right. And I  
20 guess I'll conclude by saying this: It's hard to  
21 reconcile while the economy is not strong enough  
22 to give minimum wage workers a raise, but it's  
23 strong enough that the long-term unemployed  
24 shouldn't get extended benefits at the federal  
25 level at least. I'll leave it with that.

1           Thank you, Secretary. Thank you,  
2 Mr. Chairman.

3           MAJORITY CHAIRMAN ADOLPH: Thank you.  
4           Representative Seth Grove.

5           REPRESENTATIVE GROVE: Thank you,  
6 Mr. Chairman. Good to see you again, Madam  
7 Secretary.

8           About a year ago the Department of L&I  
9 announced a potential solution to prevent UC  
10 payments from going to inmates in county prisons.  
11 Can you give us an update of how much money was  
12 saved doing that; and also, if you have a list of  
13 county prisons that have not updated or improved  
14 their reporting system, so we can start talking to  
15 them to help reduce waste. I don't know if you  
16 have that now or if you can provide it at a later  
17 date would still be fine.

18           SECRETARY HEARTHWAY: On the last part, I  
19 would have to provide at a later date. It is the  
20 vast majority of them that are now on board and  
21 that are part of the cross-match system.

22           We've estimated the savings in a single  
23 year to be about a hundred million dollars. Let  
24 me explain how we've estimated that. This is a  
25 preventive measure. We stop the payments before

1 they happen, so we can't go back and calculate.

2 We've actually looked internally at how to  
3 do that and didn't want to expend the money to be  
4 down to the penny. So our Center for Workforce  
5 Information Analysis calculated the average length  
6 of a UC claim along with the average payment, and  
7 then the number of stops or hits that we had with  
8 our cross-match to come up with an annual savings  
9 of a hundred million dollars, a little bit more.

10 REPRESENTATIVE GROVE: Wow, that's  
11 terrific.

12 SECRETARY HEARTHWAY: It's terrific. It  
13 is something that eventually or spread the word  
14 through the prison system that this is no longer a  
15 racket that once incarcerated you can enjoy. And  
16 it's, again, as we called it, closing the barn  
17 door. We're stopping that wasted use of funds.

18 REPRESENTATIVE GROVE: Obviously, there's  
19 certain loop holes that we hear about now and then  
20 and unfortunately do happen. I appreciate your  
21 continued work, working with other agencies;  
22 making sure all our computer systems link so you  
23 can cross-check, whether it's Department of  
24 Revenue, DPW, and so on to continue weeding out  
25 waste and fraud where we can find it.



1           Obviously, the Chairman brought up House  
2 Bill 403. Obviously, my bill, passed bipartisan  
3 out of the House, went over to the Senate. It was  
4 recently amended. It had a negative impact, a --  
5 or actually I would say a positive impact on our  
6 UC solvency. It reduced solvency through fighting  
7 waste and fraud and abuse within the UC system.

8           As it's drafted today, do you know the  
9 fiscal impact on the UC Fund with the amended  
10 version?

11           SECRETARY HEARTHWAY: I do not, but I can  
12 get that for you.

13           REPRESENTATIVE GROVE: All right. Is it  
14 now a cost increase to the UC Fund?

15           SECRETARY HEARTHWAY: I have to look.

16           REPRESENTATIVE GROVE: All right. I would  
17 appreciate that. We herald Act 60. It's working  
18 very well. We're driving down our costs. We're  
19 not hemorrhaging money out of the system. It's  
20 becoming in balance. I worry long term about  
21 making policy decisions that will take us back to  
22 insolvency. We've worked too hard, and you've  
23 done a great job with the UC system as a whole,  
24 and I would just use some caution moving forward  
25 to make sure we don't go back to where we were at,

1 because we spent a lot of time and a lot of work  
2 to get there.

3 SECRETARY HEARTHWAY: I'm sorry. 403 is  
4 the UC fix.

5 REPRESENTATIVE GROVE: Yes.

6 SECRETARY HEARTHWAY: I apologize. I do  
7 know those numbers. It's \$26 million to the fund  
8 annually. In terms of its long-term solvency, it  
9 is a minimal impact; minuscule impact the long-  
10 term solvency.

11 Not to correct you, Representative Keller,  
12 but it's 2,600 -- or 2,900 individuals that it  
13 would impact; not 4,000.

14 REPRESENTATIVE GROVE: We're talking  
15 construction; road construction field or --

16 SECRETARY HEARTHWAY: The fix, as drafted,  
17 was for anyone once they reached that maximum  
18 benefit level. The fix was not to penalize  
19 someone for working more when they weren't going  
20 to get additional benefits.

21 It hits all areas. It actually hits  
22 professional businesses of industry, larger than  
23 construction -- No, I'm sorry. Construction is  
24 the largest. Professional business is the  
25 second. But it runs across all the industries.

1           REPRESENTATIVE GROVE: Would it be fair to  
2 categorize it as benefiting higher paid workers  
3 versus lower paid workers?

4           SECRETARY HEARTHWAY: No. I think we  
5 calculated the average wage of someone benefiting  
6 from it was 25,000 a year. Maybe a little bit  
7 more than 25,000 a year.

8           REPRESENTATIVE GROVE: Moving forward, is  
9 there a way to offset that 26-million-dollar cost  
10 with additional savings so we can at least get it  
11 to a revenue neutral to take care of --

12           SECRETARY HEARTHWAY: I'm looking to try  
13 and find that. I'm also looking to try and find  
14 an avenue that would be more acceptable and garner  
15 a majority of votes.

16           REPRESENTATIVE GROVE: I know  
17 Representative Ron Miller has a draft  
18 legislation. I don't know if you took a look at  
19 that and could provide feedback on that.

20           SECRETARY HEARTHWAY: I seen a couple  
21 drafts with respect to it, and we are in  
22 discussions with respect to that.

23           REPRESENTATIVE GROVE: Appreciate it.

24           Thank you, Mr. Chairman.

25           MAJORITY CHAIRMAN ADOLPH: Thank you.

1 Representative Wheatley.

2 REPRESENTATIVE WHEATLEY: Thank you,  
3 Mr. Chairman. Good afternoon, Madam Secretary.  
4 Let me ask you a question.

5 Do you think the fact that we have large  
6 unemployment and under-employment in certain  
7 segments of the Commonwealth is a threat to our  
8 economy?

9 SECRETARY HEARTHWAY: A threat to our  
10 economy? I think any time you have large groups  
11 of unemployed it can threaten the economy. It  
12 certainly threatens the local economy, so that you  
13 would want -- having a large labor pool and having  
14 as many people employed as possible is a robust  
15 economic circumstance. So any time you have large  
16 unemployed groups, there's a host of problems that  
17 are associated with that.

18 REPRESENTATIVE WHEATLEY: I appreciate  
19 that response. Recently I was exposed to some  
20 numbers in the Pittsburgh market. I'm not sure if  
21 this is reflective across the Commonwealth. But  
22 for African-Americans, especially African-  
23 Americans between the age of 18 and I believe 45,  
24 there are over 20 percent in some areas and as  
25 high as 43 percent in other areas. Do you find

1 across the Commonwealth community of colors that  
2 have high unemployment or triple the unemployment  
3 number of our state average?

4 SECRETARY HEARTHWAY: Certainly different  
5 demographics hit different groups at different  
6 rates. Our African-American youth have a higher  
7 unemployment rate. Our largest group of  
8 unemployed are individuals with disabilities.  
9 Those are areas that we are trying to target. In  
10 fact, there is a line item in the budget. We are  
11 asking for a million dollars to help that  
12 particular group because they have their own  
13 challenges to employment.

14 What we are trying to do is look at the  
15 different segments and what are the barriers to  
16 employment and how we can lift those barriers, and  
17 they change from regions. Sometimes it's  
18 education. Sometimes it's, you know, needing to  
19 have more high school graduates for education.  
20 Sometimes it's relocating. There are more job  
21 opportunities for certain areas for those with a  
22 high school education. Certain people may not  
23 want to move. When they say there's a mismatch,  
24 it's not just a mismatch in training, but it's  
25 also a mismatch in location.

1           In that regard, I work closely with the  
2 Governor and Secretary Walker as to what  
3 industries can we bring in because we have a labor  
4 pool here that has this set of talent or this  
5 issue. What industry can we bring in to raise  
6 that level of unemployment -- raise the level to  
7 employment.

8           REPRESENTATIVE WHEATLEY: Cool. So, just  
9 going back for clarity purposes, has the  
10 Department did any survey or studies to see if  
11 communities of color across the Commonwealth what  
12 their employment levels are as it relates to  
13 either under-employment, unemployment? And again,  
14 I'm going to use this caveat.

15           I understand how we normally classify  
16 employment for those who are actively seeking  
17 employment. The numbers that I'm talking about,  
18 though, is also inclusive of those who dropped out  
19 of that classification because they just can't  
20 find employment.

21           SECRETARY HEARTHWAY: That latter is a  
22 harder number for us to ascertain. We are very  
23 data driven. We are currently doing an  
24 unemployment study that's drilling down for I  
25 think the depths that you are looking for as to

1 the areas, who's impacted, what age group is  
2 impacted, for how long; how has the long-term  
3 unemployed and which age bracket has that hit.  
4 We're still in the middle of that study, but this  
5 is another area where other states are starting to  
6 look at Pennsylvania because we are drilling very  
7 far down to see what the barriers to that  
8 employment are so we can have the very targeted  
9 programs to help that.

10 We are not finished with that study. I  
11 can give you some of those numbers. I can't  
12 rattle them off the top my head. I can give you  
13 some of those. I will tell you those that have  
14 dropped out discouraged, they are harder to  
15 track. They are harder to calculate in terms of  
16 the numbers, and the under-employed are also a  
17 little harder.

18 REPRESENTATIVE WHEATLEY: When do you  
19 anticipate having the results of your survey?

20 SECRETARY HEARTHWAY: Later this year.

21 REPRESENTATIVE WHEATLEY: Okay. And the  
22 reason I'm asking that is because, what I saw  
23 missing in what you all are doing and what I hope  
24 is going to be a part of whatever the survey tells  
25 you is a targeted strategy to try to resolve that,

1 because one of the statements you made earlier is  
2 to focus on helping those employees move to higher  
3 positions through training or education or  
4 whatever skills development they might need. I  
5 think in order for you to do that, you have to  
6 have a clear understanding of where they are, and  
7 what's happening to them. I've never seen  
8 anything that suggests that we, as a Commonwealth,  
9 were doing any type of thing to really identify  
10 those individuals.

11 SECRETARY HEARTHWAY: Absolutely. I have  
12 been a little surprised at the number of training  
13 programs years past that haven't had the data  
14 attached to it that you would want in order to be  
15 very specific and, quite frankly, haven't had the  
16 follow-up measurements to see if they ended in the  
17 right result or not. This is part of the reason  
18 for that unemployment report.

19 We've been internally saying we want to  
20 understand the unemployed like never before. We  
21 want to know what the barriers are. We want to  
22 know what barriers we have the ability to lift and  
23 remove; what other barriers may be from global,  
24 national, economic barriers that we may not have  
25 control on. So this is a very in-depth study.



1           REPRESENTATIVE WHEATLEY: Finally, I just  
2 wanted to know what role or what activities you  
3 have in relation to working with the Department of  
4 Education and their career and technical training  
5 programs or partnerships that they create. And  
6 then second, if you have any programs that  
7 specifically target ex-offenders in their reentry  
8 into productive society via the job market.

9           SECRETARY HEARTHWAY: I work very closely  
10 with the Department of Education as well as  
11 prisons, corrections. Secretary Wetzel and I have  
12 spoken about a number of programs. Both he and my  
13 Deputy Secretary Staton went down to the laborer's  
14 training facilities with that thought in mind;  
15 what can we develop for the transition to  
16 inmates. There's been communications with a  
17 number of businesses that if we can help pay for  
18 the training, they will bring in inmates as a  
19 transition.

20           I've moved into certain areas. There are  
21 certain careers known as Gateway careers that will  
22 help you into other careers; not typically  
23 generally considered high-priority occupations.  
24 We've moved those with the right data, supporting  
25 them into high priority so they can qualify for

1 some training dollars. We have been working very  
2 closely to hit those groups that have been hit  
3 rather hard by the recession, but actually make a  
4 difference and not just a program that sounds  
5 good.

6 We work closely with a number of schools  
7 that we are trying to couple, partner; businesses  
8 with the school for technical training right in  
9 the high schools; working very closely with  
10 community colleges that offer very flexible  
11 programs for individuals working and then needing  
12 to garner additional training.

13 There is a lot of very high paying jobs  
14 that require nine months or less of training. We  
15 just need to get the right individuals into those  
16 programs and the right jobs afterwards. So, I  
17 appreciate those comments. We are working toward  
18 them. We've been talking about just lifting one  
19 barrier at a time.

20 REPRESENTATIVE WHEATLEY: I appreciate  
21 that. Thank you, Madam Secretary. Thank you,  
22 Mr. Chairman.

23 MAJORITY CHAIRMAN ADOLPH: Thank you.  
24 Representative Jim Christiana.

25 REPRESENTATIVE CHRISTIANA: Thank you,

1 Mr. Chairman. Good afternoon, Madam Secretary.

2 I think it's important that we look at the  
3 name of your department, Labor and Industry,  
4 because so often about this topic there is a  
5 divide and conquer mentality that you have to be  
6 either for labor or you have to be for industry.  
7 And I think the one thing under your leadership  
8 has been your ability to rid that department of  
9 that mindset; whether it was the Petrachemical  
10 plant in Beaver County or the transportation  
11 bill. Whether you voted for one or either or both  
12 of those bills, I think your department, being  
13 able to bring labor and industry to the table, and  
14 I think it is a testament to the Chairman and the  
15 leadership in the House as well has been a huge  
16 success and not an easy thing to do, because a lot  
17 of interest groups benefit from that divide and  
18 conquer mentality, but it's not what you have  
19 expected. It's not what our constituents expect.  
20 And I think you deserve a lot of credit for making  
21 it labor and industry.

22 I just would like to have a little  
23 conversation about the energy sector in  
24 Pennsylvania. I think it's a unique sector, not  
25 only because of the direct jobs associated with

1 energy development, but also the benefits to every  
2 other industry when we have a robust energy sector  
3 with an abundance of low-cost energy options, what  
4 it means for other Pennsylvania businesses. And  
5 if you could comment on the jobs that's gotten us  
6 through the recession, and also, what do you see  
7 as far as new industry and going forward with the  
8 opportunities for Pennsylvania.

9 SECRETARY HEARTHWAY: Pennsylvania's  
10 energy sector is very diverse, and that's  
11 extremely important. We have coal, we have gas,  
12 we have nuclear, we have wind. It is a diverse  
13 area which we can rely on one or the other at any  
14 given time.

15 When I went around to sell the UC bonds,  
16 one of the biggest drawing points of getting a  
17 good price for those bonds, and really my job was  
18 to sell the solvency of Pennsylvania, was that we  
19 have this very diverse economy.

20 Our largest industry is healthcare, and  
21 it's at employment 14, 15 percent, and it's a  
22 kaleidoscope when you look at a pie chart of the  
23 industries that we have in Pennsylvania. That  
24 bodes very well for us. Unlike Ohio, which is  
25 largely the auto industry, we don't have that.

1           With energy sector, we have the same  
2 thing. We have a vast variety of energy that we  
3 can draw upon. Now, I know gas is getting a lot  
4 of play because of Marcellus Shale. It is a  
5 tremendous driving economic force, as is all of  
6 energy.

7           But we really have the ability not just to  
8 be energy independent, but for this nation to be  
9 energy independent, and with it, all the jobs that  
10 come with that low-cost energy, energy  
11 development. If we get, God willing, that cracker  
12 plant and the ethylene that is derived from it,  
13 the string of manufacturing that can happen all  
14 the way from Beaver right down to Philadelphia  
15 County would be a tremendous boom for this state,  
16 and we are just ideally located for that to  
17 happen.

18           So we need to do everything possible to  
19 have that kind of robust involvement. It will  
20 mean our economic prosperity as well as very good  
21 paying jobs for everyone in Pennsylvania.

22           REPRESENTATIVE CHRISTIANA: I couldn't  
23 agree more. And, once again, thank you more  
24 making this truly labor and industry. The  
25 Department of Labor and Industry, it's truly

1 refreshing.

2 Thank you, Mr. Chairman.

3 MAJORITY CHAIRMAN ADOLPH: Thank you.

4 Representative Carroll.

5 REPRESENTATIVE CARROLL: Thank you,

6 Mr. Chairman. Madam Secretary. Two things before

7 I get to an actual question. First, I would like

8 to thank you, the administration, Representative

9 Keller for your leadership with respect to the UC

10 fix of the seasonal workers. Hopefully, we can

11 get it to the finish line with that despite some

12 of the concerns that have been outlined relative

13 to what I'm happy to hear you categorize as a

14 minuscule cost. I think that minuscule cost is a

15 wise investment in an effort to try and protect

16 those workers who were harmed. I think one of

17 those unforeseen consequences of Act 60, so I

18 thank you for that.

19 Secondly, I would echo the comments of

20 some of my fellow members with respect to SEWN and

21 the wonderful work that they do in my corner of

22 the state in northeastern Pennsylvania. We have

23 had instances where folks have been adversely

24 affected as a result of a relocation, and the

25 efforts of SEWN in northeastern Pennsylvania have

1       been noteworthy, and I appreciate their work.

2               To get to a question, Madam Secretary, and  
3       I'm not sure you can answer this while you sit  
4       here today, so if you gather the information and  
5       report back to the Chairs of the committee and  
6       Chair that would be fine.

7               There has been a running dispute in  
8       Wilkes-Barre relative to the Wilkes-Barre General  
9       Hospital and the staff nurses with respect to the  
10      Act 102, and whether or not there have been any  
11      violations of Act 102, and the reporting of the  
12      dispute between the nurses and the hospital and,  
13      of course, the department is trying to figure out  
14      whether or not there were any violations. I  
15      cannot determine if there is a current  
16      investigation under way.

17              And so, my question for you is, is there  
18      an investigation that is currently pending  
19      relative to any violations with respect to Act 102  
20      and what the status of that investigation might  
21      be? The hospital spokesman in a recent article  
22      outlined a -- it was a quote paraphrasing that any  
23      prior investigations have been dismissed for lack  
24      of evidence of a violation. But I can't determine  
25      if that's just referencing prior submissions or if

1 it speaks to the most recent submission.

2 As I understand it, there was a meeting  
3 that was held that someone from your department  
4 attended in December of 2013. And I would like to  
5 know, and I think the nurses as well, whether or  
6 not there is a pending investigation with respect  
7 to the submissions made by the staff at Wilkes-  
8 Barre General?

9 SECRETARY HEARTHWAY: I don't know that  
10 answer offhand, but we can certainly find out and  
11 get back to you.

12 REPRESENTATIVE CARROLL: Secondly, in the  
13 same vein, if you could share with me a global  
14 picture relative to Act 102 violations throughout  
15 the state over the course of the last three or  
16 four years with respect to what has been the  
17 experience that the Department has had with  
18 hospitals and staffing issues, and if you could  
19 share with me what sort of outcomes have occurred  
20 as a result of other investigations besides just  
21 the one at Wilkes-Barre General?

22 SECRETARY HEARTHWAY: I know there have  
23 been some where there has been an award for  
24 overpayment, but I don't think the numbers are  
25 large. I can get you all that information and



1 provide it to your office, let you know everything  
2 that has occurred over the past year.

3 REPRESENTATIVE CARROLL: Well, if you  
4 could, perhaps, provide it to the Chairs, I think  
5 that's the right protocol.

6 SECRETARY HEARTHWAY: Of course.

7 REPRESENTATIVE CARROLL: Thank you. Thank  
8 you, Mr. Chairman.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.

10 Representative Donna Oberlander.

11 REPRESENTATIVE OBERLANDER: Thank you,  
12 Chairman. Good afternoon, Secretary. I heard you  
13 mention your efforts to regulate the practice of  
14 physician dispensing within our workers'  
15 compensation industry. Have you been able to  
16 estimate cost savings which will result if you are  
17 successful in these efforts?

18 SECRETARY HEARTHWAY: Yes. It's somewhere  
19 in the vicinity of 18 to \$26 million that it would  
20 save a year if we enacted physician dispensing  
21 restrictions.

22 REPRESENTATIVE OBERLANDER: Eighteen to  
23 \$26 million worth of savings. That's  
24 substantial. Thank you very much, Secretary.

25 Thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN ADOLPH: Thank you.  
2 Representative Santarsiero.

3 REPRESENTATIVE SANTARSIERO: Thank you,  
4 Mr. Chairman. Madam Secretary, over here.  
5 Welcome.

6 Last week when the Secretary of Revenue  
7 was in front of us, we had some discussion about  
8 the impact of the recent transportation funding  
9 bill on Pennsylvania's economy. And I believe one  
10 of the other secretaries told us that the  
11 department had concluded that it would have in  
12 this calendar year likely about a 40-million-  
13 dollar impact on Pennsylvania's revenue to the  
14 positive.

15 I was wondering whether your department  
16 has done any analysis of how many additional jobs  
17 would likely be created.

18 SECRETARY HEARTHWAY: I worked with  
19 Secretary Schoch on the Department of  
20 Transportation funding bill. Their department  
21 took the lead in determining what it would mean in  
22 terms of the economics for Pennsylvania as well as  
23 jobs. The estimate was 50,000 new jobs created by  
24 that additional funding and approximately 12,000  
25 jobs retained that would not be lost because of

1 the additional funding.

2 REPRESENTATIVE SANTARSIERO: And over what  
3 period of time were those 50,000 new jobs likely  
4 to be created?

5 SECRETARY HEARTHWAY: I believe it's five  
6 years, but let me double check that for you to be  
7 accurate.

8 REPRESENTATIVE SANTARSIERO: I'd  
9 appreciate that. If you can get back to me on  
10 that, that would be great.

11 SECRETARY HEARTHWAY: Sure.

12 REPRESENTATIVE SANTARSIERO: On a related  
13 note, we had a discussion with the Secretary of  
14 Education right before you arrived this  
15 afternoon. One of the issues that was raised by  
16 both Representative Grove and me had to deal with  
17 the PlanCon program, which is the program by which  
18 school districts get reimbursed for certain  
19 eligible construction costs when they go out and  
20 they do school construction.

21 Right now and for the last few years, that  
22 program is being flat funded at \$300 million a  
23 year. I was wondering whether your department had  
24 any analysis of how many jobs are created in the  
25 school construction sector?

1           SECRETARY HEARTHWAY: Not that I've seen.  
2 We have an amazing department that pours over  
3 these labor statistics that might be able -- That  
4 might be something we could do. Sometimes when  
5 you drill down into the very local areas, it gets  
6 a little bit more difficult because there's not  
7 enough of a sampling to give you a good  
8 indication. We can look to see if we have  
9 information in that regard. If not, we can look  
10 and see what it would take to try and obtain that  
11 information.

12           REPRESENTATIVE SANTARSIERO: I would be  
13 grateful if you could do that because, as has been  
14 discussed previously, through the current program,  
15 at least, there's about a 1.2-billion-dollar  
16 reimbursement need that's been identified for --  
17 which essentially accounts for every project that  
18 is somewhere in the PlanCon pipeline, which is a  
19 several step process which school districts must  
20 go through before they get reimbursed. So it  
21 would be helpful to have some sense of what the  
22 economic impact that that construction work is.

23           The department is working on an analysis  
24 of what the state of Pennsylvania's education  
25 infrastructure is, for lack of a better term, and

1 it's not clear when that analysis is going to come  
2 out. But in the meantime, if your department  
3 could provide us with a bit more information of  
4 what the impact is in terms of jobs on the current  
5 construction and at least maybe in the last few  
6 years as a snapshot, that would be helpful.

7 SECRETARY HEARTHWAY: We'll certainly try.

8 REPRESENTATIVE SANTARSIERO: Thank you. I  
9 appreciate that.

10 Last question, I know Representative  
11 Bradford brought up before the bill that is  
12 euphemistically called paycheck protection, and I  
13 think you indicated that, were that bill to pass  
14 the legislature and get to the Governor's desk he  
15 would sign it. Am I correct with that?

16 SECRETARY HEARTHWAY: Yes.

17 REPRESENTATIVE SANTARSIERO: What would  
18 the impact if that happened and that became law,  
19 what impact would that have on organized labor and  
20 the membership of organized labor in the state?

21 SECRETARY HEARTHWAY: I don't know if I'm  
22 equipped to give you the full impact of that.

23 REPRESENTATIVE SANTARSIERO: Do you have a  
24 sense of generally what the impact would be?

25 SECRETARY HEARTHWAY: I know they

1 certainly feel it will impact their membership,  
2 their level of pay; that it will reduce the number  
3 of people that are in unions, but it's not an  
4 issue I've looked at on the impact of it.

5 REPRESENTATIVE SANTARSIERO: So, it would  
6 reduce the number of people in unions, and you  
7 said something about the level of pay. What would  
8 the impact on the level of pay be?

9 SECRETARY HEARTHWAY: I think when you  
10 have fewer members, and the argument would be --  
11 and I'm not making this as my argument; just  
12 factors that I've heard discussed. The larger and  
13 stronger a union is, the larger and stronger the  
14 bargaining position is for pay. The smaller and  
15 weaker the union is, the smaller and weaker the  
16 bargaining position is. That would be the crux of  
17 union membership or not; union growth or not.

18 REPRESENTATIVE SANTARSIERO: So, following  
19 that line of logic to the inevitable conclusion  
20 that would suggest that the pay would, in fact, be  
21 lower if the bargaining unit would be smaller?

22 SECRETARY HEARTHWAY: I don't know that I  
23 agree with that, but that would be a factor that  
24 that would be argued by the unions.

25 REPRESENTATIVE SANTARSIERO: Well, it's

1 based on the analysis, which I think is a very  
2 reasonable one you just put forth. It seems like  
3 an unavoidable conclusion, I should say.

4 SECRETARY HEARTHWAY: It's one among many  
5 factors. Again, I'm not speculating on something  
6 I haven't studied or looked at. I would like to  
7 gather all the facts as to where I think the pros  
8 and cons of certain things are, and that's not an  
9 issue I've looked at in depth.

10 REPRESENTATIVE SANTARSIERO: Let me ask  
11 you this: In a consumer-based economy which we  
12 have, when wages go down, generally speaking,  
13 consumer spending tends to go down, and that  
14 ultimately has an impact on production. It has an  
15 impact on the economy generally, the economy  
16 appears to constrict.

17 So, it seems to me that any legislation  
18 that could have the impact -- and I understand you  
19 are not taking that position right now, but  
20 hypothetically could have an impact of lowering  
21 wages would ultimately, potentially, have the  
22 impact of also shrinking the economy. Would you  
23 agree with that?

24 SECRETARY HEARTHWAY: Well, again, there's  
25 more factors at play here. It's how much it

1 would; what part of the economy would that shrink;  
2 how many and what percentage of the economy would  
3 that lower wages for. I don't have those figures,  
4 so I can't give you a definitive answer. I think  
5 those things can be looked at and weighed and  
6 factored. I just haven't done that.

7 REPRESENTATIVE SANTARSIERO: Is that  
8 something that the administration plans to do  
9 before signing such a bill?

10 SECRETARY HEARTHWAY: I have not discussed  
11 this with the Governor, and it has not reached the  
12 level where we have done that kind of research.  
13 My department has not done that kind of research.

14 REPRESENTATIVE SANTARSIERO: Do you think  
15 that that's probably something that should be  
16 done, though, before the Governor would sign such  
17 a bill?

18 SECRETARY HEARTHWAY: I think it would be  
19 looked at in-depth. But, again, the bill would  
20 have to get to his desk.

21 REPRESENTATIVE SANTARSIERO: Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you.

23 Madam Secretary, could you give this committee an  
24 idea, and if you don't have the information today,  
25 you can get back to us with the information. You



1 mentioned in your opening comments that the  
2 Unemployment Trust Fund took in more money than  
3 paid out last year and it's in pretty good  
4 financial shape.

5 I was told that if those refineries in the  
6 southeast would have closed, we would have lost  
7 about anywhere between two to 2,500 jobs; about  
8 15,000 indirect jobs.

9 Could you put together for this committee  
10 how much unemployment benefits that those  
11 refineries, by staying open, would have saved the  
12 Commonwealth in that unemployment trust?

13 SECRETARY HEARTHWAY: Yeah, we can try to  
14 calculate.

15 MAJORITY CHAIRMAN ADOLPH: I would really  
16 appreciate that.

17 I want to thank the members and Chairman  
18 Keller and Chairman Scavello for their input  
19 today. It's certainly appreciative. And as  
20 always, Madam Secretary, thank you for your  
21 input. I'm looking forward to working with you  
22 and your department as we put together this budget  
23 by June 30th. Thank you.

24 For the members' information, this  
25 committee will reconvene tomorrow at 9:30. We

1 have the PUC coming in at that time. Thank you.

2 (The hearing concluded at 5:26 p.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that the foregoing is a true and correct transcript of my said stenographic notes.

In testimony whereof, I have hereunto subscribed my hand this 27th day of February 2014.

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Amy J. Spangler  
Court Reporter