



**Written Testimony of Secretary Julia K. Hearthway  
Department of Labor & Industry**

**before the House Appropriations Committee  
regarding the Department of Labor & Industry Budget Proposal for Fiscal Year 2014-15**

**Harrisburg, Pennsylvania  
February 18, 2014**

Chairman Adolph, Chairman Markosek, and members of the House Appropriations Committee, thank you for the opportunity to testify regarding the department's 2014-15 budget proposal.

As Governor Corbett outlined in his budget address, the administration is committed to building a stronger Pennsylvania by focusing on education, jobs and healthcare. For the Department of Labor & Industry, that means doing all we can to improve the economic and business climate in the commonwealth by providing the tools necessary to help job seekers and employers. In this regard, the department has been working diligently in developing programs that are state-of-the-art, which encourage partnerships with stakeholders to create a well-trained and competitive workforce, and which provide job opportunities for every Pennsylvanian.

Through Governor Corbett's leadership, Pennsylvania is now at more than 99 percent of its pre-recession jobs level. With record investments in education, historic transportation funding, a renewed business climate and abundant low-cost energy, Pennsylvania is working and our future is bright.

In 2012, Governor Corbett launched *JOBS<sup>1st</sup> PA*, a comprehensive roadmap to economic recovery that harnesses the commonwealth's resources and talents to prioritize private-sector job creation and retention. This budget, through targeted investments, will build upon the successes of *JOBS<sup>1st</sup> PA* and strengthen critical job-creating programs and partnerships – with businesses small and large – that have a proven track record of results. Through this budget, the department will continue to support the training of Talented Workers to meet the needs of employers across the commonwealth.

**Office of Vocational Rehabilitation**

Governor Corbett's budget proposal includes funding for programs that directly benefit people with disabilities through the department's Office of Vocational Rehabilitation (OVR). For example, "Jobs for All" is a \$1 million on-the-job-training reimbursement program that encourages employers to hire up to 1,000 young people with disabilities ages 18 to 25. By providing a direct financial incentive to employers in the form of an on-the-job training wage

reimbursement, employers get access to a largely untapped labor pool, and the chances of success for the person with a disability increases significantly. The proposed injection of state dollars will allow OVR to draw-down an additional \$3.8 million in available federal funds, and allow OVR to serve even more people with disabilities seeking employment.

“Early Reach” is an initiative that will help youth with disabilities better transition from secondary education to the adult world of work and independence. Early Reach coordinators are being assigned to each of OVR’s 15 district office locations to reach out and connect with youth as early as age 14, their parents, schools and other community agencies. Earlier connection means students know more about OVR services and how to make the most of their general and special education programming, so they are better prepared to benefit from those services and able to make informed decisions about career choices and post-secondary training.

“Single Point of Contact” is an OVR-led partnership involving non-profit disability organizations and other commonwealth agencies that simplifies the process for an employer who wants to hire people with disabilities. We have found that employers do not want to deal with multiple agencies when considering the government’s help with hiring people with disabilities, so OVR’s single point of contact model gives an employer one person to contact. After contact is made, OVR mobilizes its own resources as well as those from other agencies to identify pre-screened, qualified talent and coordinate support services that will help the applicant succeed. The program encourages employers to hire people with disabilities, a population with a high unemployment rate and low labor force participation rate compared to the general population.

### **JobGateway**

In July 2012, the department launched JobGateway, a premier job-matching system, with the goal of matching job seekers with employment opportunities and providing employers with a place to find candidates who fit their needs. Job seekers who register with JobGateway can upload a resume or create a new one, search between tens-of-thousands of open jobs, save job searches, and subscribe to email alerts for jobs matching their search criteria. Registered users also have access to PA Career Coach, which provides up-to-date employment data for any given occupation, including current openings, estimated salaries, and required skills and education.

Most recently, the department integrated a mock virtual interview training and practice tool called Big Interview. Using a registrant’s JobGateway account, job seekers can learn about the types of questions interviewers frequently ask and practice answers with mock virtual interviews across a variety of disciplines and difficulty levels. Those interviews can be saved and emailed to mentors and friends for feedback.

Additionally, employers who register in JobGateway can post jobs and search from tens-of-thousands of candidates. They can also save their search criteria and subscribe to email alerts for candidate recommendations. Employers have the ability to create customized questionnaires to attach to their job postings, serving as an initial screening of candidates, saving employer’s time

in the search process. JobGateway also provides labor market information throughout the job posting process, providing wage data and employment trends in the geographic area in which employers are posting their job.

The department makes enhancements to JobGateway approximately every sixty days, with the goal of continuously improving the system and ensuring that it meets the evolving needs of users.

### **Unemployment Compensation**

Since my confirmation, the state's unemployment compensation (UC) program has been front-and-center. Over the years, the department has made great strides in improving the efficiency and financial integrity of the overall system.

When Governor Corbett entered office, the commonwealth was faced with a \$3 billion federal debt and a system that was insolvent and unsustainable. The administration and lawmakers worked together on solutions to the problem. The result: Act 60 of 2012. This legislation modernized benefit eligibility by increasing the base-year wage requirement to provide for a greater connection to the workforce. Act 60 also refinanced the federal debt by issuing a bond at 1.29 percent, the lowest, fixed interest rate in the country. The bond saved Pennsylvania employers more than \$150 million in interest alone and \$209 million in federal taxes in 2012. The department estimates additional savings in Act 6, which implemented a work search requirement, and Act 60, to be approximately \$214 million in 2013. As of December 31, 2013, the UC Trust Fund balance stood at more than \$263 million.

Act 60 also provided for a UC amnesty program directed at recouping money owed to the UC Trust Fund due to the overpayment of benefits to claimants and the underpayment of taxes due from employers that had accrued over the past 40 years. The program ran from June 1 through August 31, 2013 and offered discounts on interest and penalties for fault overpayments, discounts on the principal balance of non-fault overpayments, and discounts on penalty and interest of employer liabilities. More than 130,000 individual claimants and more than 40,000 employers owed money to the state. The program efforts resulted in the collection of approximately \$15.6 million in debts owed to the commonwealth. A final report will be provided to the General Assembly by April 30, 2014.

Regarding administering UC programs, you are well aware of the difficulty some claimants experienced in late-2012 connecting to the unemployment compensation service centers (UCSC). Since the challenges were brought to our attention, I issued multiple letters to the General Assembly alerting you to the issue and providing guidance on how your constituents can best get answers to their questions. I am happy to report real, sustained progress in this area. During our busiest months (November, December and January), busy signals have dropped an average of 77 percent when comparing this year to last. In addition, we have been able to answer thousands of additional calls from claimants when comparing year-over-year as well. These

improvements were accomplished by a call monitoring program, a change in staffing patterns that made more staff available for the phones earlier in the week and earlier in the day, the implementation of an odd/even calling schedule whereby claimants are urged to call on either Monday or Tuesday based on the last digit in their Social Security number, and the implementation of a message reduction strategy that allowed callers faster access through the Interactive Voice Response (IVR) and into the phone queues.

**Conclusion**

Mr. Chairman and members of the committee, the department has made great progress since Governor Corbett took office. This year's budget proposal is again aimed to strengthen the economy and build a stronger Pennsylvania.

Thank you for the opportunity to discuss the department's budget proposal. I would be happy to answer questions at this time.