

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 APPROPRIATIONS COMMITTEE

5 MAIN CAPITOL
6 HOUSE CHAMBER
7 HARRISBURG, PENNSYLVANIA

8 BUDGET HEARING
9 DEPARTMENT OF LABOR AND INDUSTRY

10 TUESDAY, MARCH 2, 2021
11 10:19 A.M.

12 BEFORE:

13 HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN
14 HONORABLE MATT BRADFORD, MINORITY CHAIRMAN
15 HONORABLE ROSEMARY BROWN
16 HONORABLE LYNDA SCHLEGEL-CULVER
17 HONORABLE TORREN ECKER
18 HONORABLE JONATHAN FRITZ
19 HONORABLE KEITH GREINER
20 HONORABLE DOYLE HEFFLEY
21 HONORABLE JOHNATHAN HERSHEY
22 HONORABLE LEE JAMES
23 HONORABLE JOHN LAWRENCE
24 HONORABLE ZACH MAKO
25 HONORABLE NATALIE MIHALEK
HONORABLE TIM O'NEAL
HONORABLE CLINT OWLETT
HONORABLE CHRIS QUINN
HONORABLE GREG ROTHMAN (VIRTUAL)
HONORABLE MEGHAN SCHROEDER
HONORABLE JAMES STRUZZI
HONORABLE JESSE TOPPER
HONORABLE RYAN WARNER
HONORABLE JEFF WHEELAND (VIRTUAL)
HONORABLE DAVE ZIMMERMAN
HONORABLE AMEN BROWN
HONORABLE DONNA BULLOCK
HONORABLE MORGAN CEPHAS

1 BEFORE (continued):

2 HONORABLE AUSTIN DAVIS
HONORABLE ELIZABETH FIEDLER
3 HONORABLE MARTY FLYNN
HONORABLE ED GAINNEY (VIRTUAL)
4 HONORABLE PATTY KIM
HONORABLE EMILY KINKEAD
5 HONORABLE STEPHEN KINSEY
HONORABLE LEANNE KRUEGER
6 HONORABLE BENJAMIN SANCHEZ (VIRTUAL)
HONORABLE PETER SCHWEYER
7 HONORABLE JOW WEBSTER

8 NON-COMMITTEE MEMBERS:

HONORABLE JIM COX
9 HONORABLE ERIC NELSON
HONORABLE BOB MERSKI (VIRTUAL)
10 HONORABLE GERALD MULLERY
HONORABLE NICK PISCIOTTANO
11 HONORABLE PERRY WARREN (VIRTUAL)

12

COMMITTEE STAFF PRESENT:

13 DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
RITCHIE LaFAVER, MAJORITY DEPUTY EXECUTIVE DIRECTOR
14 ANN BALOGA, MINORITY EXECUTIVE DIRECTOR
TARA TREES, MINORITY CHIEF COUNSEL
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INDEX

1	NAME	PAGE
2		
3	JENNIFER BERRIER	5
4	SECRETARY	
	DEPARTMENT OF LABOR AND INDUSTRY	
5	ROBERT O'BRIEN	85
6	EXECUTIVE DEPUTY SECRETARY	
7	DEPARTMENT OF LABOR AND INDUSTRY	
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	SUBMITTED WRITTEN TESTIMONY	
21	* * *	
22	(See submitted written testimony and handouts	
23	online.)	
24		
25		

1 P R O C E E D I N G S

2 MAJORITY CHAIRMAN SAYLOR: We are joined
3 today in person, pleased to have the acting
4 secretary of Labor and Industry, Jennifer Berrier.
5 Correct?

6 ACTING SECRETARY BERRIER: Correct.

7 MAJORITY CHAIRMAN SAYLOR: And we also
8 have a person who's been around a little while, the
9 executive deputy secretary, Robert O'Brien.

10 Glad to have you guys here in person.
11 It's great. We appreciate you showing up today and
12 being a part of these hearings.

13 What I would ask you to do, if you would
14 rise and raise your right hand, and we'll swear you
15 in, and then we'll go to questioning.

16 * * * * *

17 JENNIFER BERRIER,

18 ROBERT O'BRIEN,

19 were duly sworn or affirmed.

20 * * * * *

21 MAJORITY CHAIRMAN SAYLOR: Thank you very
22 much. We appreciate that.

23 And we will start off right away with our
24 first questioner, Representative Torren Ecker.

25 REPRESENTATIVE ECKER: Thank you,

1 Mr. Chairman.

2 And thank you guys for being here in
3 person. We really, really appreciate that. It's
4 nice to have this conversation today, live on TV.

5 So, I'm going to jump right into it.
6 Obviously, we're going to get into a lot of UC
7 questions, but I think it's important to start off
8 with how we got there.

9 And Secretary Davin, from DCED, testified
10 last week that the governor put DCED in charge of
11 determining which businesses could apply for
12 waivers, which could remain open, which were
13 nonessential.

14 Do you know why the governor chose DCED
15 for that job and not L and I, for example?

16 ACTING SECRETARY BERRIER: I do not,
17 Representative.

18 REPRESENTATIVE ECKER: Do you feel like
19 your agency should have been more involved in that
20 decision making, since, really, you have the
21 industry data. You can kind of point to numbers of
22 shutting down this industry will affect roughly
23 this many jobs. Do you feel like the Labor and
24 Industry Committee should have been involved in
25 that?

1 ACTING SECRETARY BERRIER: I wasn't
2 secretary -- or acting secretary at that time,
3 so I don't have that information available to
4 me. However, I believe the governor, you
5 know, did what he thought was best for the
6 state of Pennsylvania.

7 REPRESENTATIVE ECKER: Madam
8 Secretary, you worked for the department at
9 the time, though; correct?

10 ACTING SECRETARY BERRIER: I did,
11 yes.

12 REPRESENTATIVE ECKER: And did -- you
13 know, and you've had a history with the
14 department. Do you feel like the Labor and
15 Industry department is in a position that can
16 make those types of decisions? I mean, they
17 have industry data; correct?

18 ACTING SECRETARY BERRIER: Our Center
19 for Workforce and Information Analysis does
20 have that data.

21 REPRESENTATIVE ECKER: Okay. So --
22 well, you know, let's -- kind of moving along
23 here. Governor Wolf essentially shut down
24 Pennsylvania by closing all nonessential
25 businesses on March. Do you know how many

1 businesses roughly were shut down?

2 ACTING SECRETARY BERRIER: I do not,
3 Representative.

4 REPRESENTATIVE ECKER: You know,
5 Madam Secretary, you know, I recognize that
6 you weren't a part of the process at that
7 point but, you know, this is an Appropriations
8 hearing. I really, you know, hope that
9 information you can provide to us. I think
10 it's really important. And, you know, Labor
11 and Industry obviously has that data. So, I'd
12 really hope that that information could be
13 presented, maybe even this afternoon. I know
14 that is a two-part hearing, so hopefully we
15 can maybe get that information later.

16 ACTING SECRETARY BERRIER:
17 Representative, we'll check with our Center
18 for Workforce Information Analysis to see if
19 they have that data.

20 REPRESENTATIVE ECKER: Thank you.

21 So, I guess I could ask this, but do
22 you know how many of the businesses were
23 permanently closed?

24 ACTING SECRETARY BERRIER: I do not,
25 Representative.

1 REPRESENTATIVE ECKER: All right.
2 That would be something that I'd be interested
3 in having, too, if you could get that as well.

4 I'm going to shift back. You know,
5 we've already alluded to it, but Secretary
6 Oleksiak held a hearing in May with the Labor
7 and Industry Committee, which I serve on as
8 well. And at this time, Secretary Oleksiak
9 made it clear that the department was not
10 consulted before any business closures -- he
11 was not part of that. Very pointedly -- for
12 example, the construction industry is one that
13 we go back to a lot, where we knew that we
14 were going to shut down really the whole
15 construction industry widespread, but Labor
16 and Industry was not consulted. Secretary
17 Oleksiak testified to that fact.

18 My question to you is, do you know
19 how much advanced notice Labor and Industry
20 got as it pertained to the governor
21 announcement on March 16 to widespread
22 shutdowns?

23 ACTING SECRETARY BERRIER: I do not
24 have that information, Representative.

25 REPRESENTATIVE ECKER: Well, you

1 know, I -- look, I recognize you don't have
2 that information today. Hopefully, this isn't
3 a long hearing today. I know we're going to
4 have a lot of questions. They're going to
5 probably get a little more detailed than what
6 I'm asking. So, hopefully, we'll have a
7 better -- have a better dialogue on some of
8 this information today.

9 But, I appreciate your time.

10 And thank you, Mr. Chairman.

11 MAJORITY CHAIRMAN SAYLOR: Our next
12 questioner is Representative Austin Davis.

13 REPRESENTATIVE DAVIS: Thank you,
14 Mr. Chairman.

15 Thank you, Acting Secretary, for
16 being here today.

17 One of the main issues that I hear
18 from constituents is about the backlog that
19 some claimants are facing, especially those
20 without clean claims. I have people who
21 oftentimes have been waiting months for
22 unemployment compensation benefits.

23 What is the size of the backlog for
24 claims needing adjudication at this moment?

25 ACTING SECRETARY BERRIER: Thank you

1 for your question, Representative.

2 It's a little bit more complicated
3 than that, and the reason for that is because
4 we're not only dealing with regular -- or
5 traditional unemployment compensation, we're
6 also dealing with five additional federal
7 programs that the department was asked to
8 stand up within this past year, as a result of
9 the federal CARES Act and the CARES Act
10 extension. So, you know, we were asked to
11 serve a part of the population that had never
12 been serviced before, including business
13 owners, independent contractors, and gig
14 workers. That opened us up to providing
15 services to an additional 2 million
16 Pennsylvanians who have never received
17 services before.

18 So, under the traditional
19 unemployment compensation system currently, we
20 have approximately 95,000 individuals who are
21 awaiting for adjudications or determinations.
22 However, let me caveat that with saying that
23 more than half of those have received payment,
24 unemployment compensation payments, and the
25 reason why they're waiting adjudication is

1 because the reason for unemployment is being
2 challenged by their employer, such as refusal
3 of work, the conditions for the termination of
4 employment, et cetera.

5 Currently, we have about 44,000 which
6 is less than 2 percent of the claims that
7 we've received for traditional UC for -- 2
8 percent of the individuals have not received
9 adjudications or received any payments on
10 their claims.

11 REPRESENTATIVE DAVIS: So, thank you.

12 What is the department's strategy to
13 clear that up as quickly as possible? And if
14 I could just ask you to be concise with your
15 answers because I have another topic I'd like
16 to address.

17 ACTING SECRETARY BERRIER: Yes. I
18 appreciate that, Representative.

19 Frankly, what we need are experienced
20 UC examiners. You know, these individuals who
21 adjudicate these claims are individuals who
22 have been with the department, who have the
23 technical expertise to rule on these
24 adjudications. Currently, we developed a
25 strategic plan so that we can increase our

1 capacity within the department within our UC
2 service centers, so that we can promote our
3 II, our interview intakers, to examiners.
4 However, I have to say that there are
5 challenges to that.

6 These individuals -- you know, the
7 retention rate for individuals within the UC
8 system is about at 50 percent, and the reason
9 for that is because these jobs are difficult,
10 they're hard, they're taxing, and they're not
11 for the faint of heart.

12 REPRESENTATIVE DAVIS: Thank you.

13 Recently you were facing staffing
14 shortages. Are those -- are you working to
15 address those? Have those been addressed?
16 Where does that currently stand?

17 ACTING SECRETARY BERRIER: So, when
18 this pandemic began, when the shutdowns began
19 in mid-March of 2020, nearly a year ago, we
20 were staffed for a record low unemployment
21 rate. We had approximately 770 individuals
22 working within our unemployment compensation
23 program.

24 To date, we have -- we have amped up
25 our staffing to approximately over 1600

1 individuals who are working within that
2 system. We have -- you know, we've gone with
3 out-of-the-box solutions. For the first time
4 ever, we have actually engaged contractors for
5 customer service representatives. We have two
6 contractors that we're using to bring, you
7 know, contracted customer service resources on
8 board. And, also, we are borrowing from other
9 state agencies who could potentially have laid
10 off staff as a result of the slowdown in their
11 work.

12 For example, this month alone, we
13 brought on board 120 PHEAA staff who were
14 going to be laid off because of the student
15 loan deferments that are part of the CARES
16 Act.

17 REPRESENTATIVE DAVIS: Thank you,
18 Madam Secretary.

19 And I just want to switch topics for
20 a moment to discuss the minimum wage. You
21 know, I came to this chamber advocating that
22 I'd fight to raise the minimum wage here in
23 Pennsylvania for working-class families in the
24 Mon Valley that I represent that are really
25 looking for a ladder of opportunity out of

1 poverty.

2 Can you -- very concisely, do you
3 know how many other states have raised their
4 minimum wage in the United States?

5 ACTING SECRETARY BERRIER: Sure.
6 Twenty-nine other states within the country
7 raised their minimum wage, including all of
8 our neighboring states, and twenty states this
9 year alone, within 2021, have raised their
10 minimum wage.

11 REPRESENTATIVE DAVIS: Can you talk a
12 little bit about the groups that will most
13 benefit from an increased minimum wage?

14 ACTING SECRETARY BERRIER: You know,
15 what we're looking at is bringing people out
16 of poverty. So, there's a potential for 1.1
17 million individuals, low-wage workers to be
18 impacted, to put 4.4 billion dollars in their
19 hands. These are individuals who we've
20 identified as our essential workers during
21 this pandemic.

22 And just to tell you, this is really
23 personal for me. My mom is an essential
24 worker. My mom works at a local grocery
25 store. She makes 9.50 an hour. She's also a

1 former cancer survivor. Her life is not worth
2 9.50 an hour. She deserves to make a living
3 wage.

4 REPRESENTATIVE DAVIS: Thank you,
5 Madam Secretary, for being here.

6 I just would like to point both
7 Arkansas, Missouri, West Virginia, and Florida
8 have a higher minimum wage than Pennsylvania,
9 and those are Republican-held states.

10 Thank you, Madam Secretary.

11 MAJORITY CHAIRMAN SAYLOR: Next is
12 Representative Jim Struzzi.

13 REPRESENTATIVE STRUZZI: Thank you,
14 Mr. Chairman.

15 And good morning, Madam Secretary.
16 Thank you for being here in person. I really
17 appreciate that.

18 I'd like to go back to the lockdowns
19 and the shutdowns and the impact that's had on
20 our economy. On March 17, the governor
21 decided to shut down all nonessential
22 Pennsylvania businesses, as I know you're
23 aware. That clearly had a devastating impact
24 on our economy, and this is a budget hearing,
25 and, clearly, nothing had a bigger impact on

1 our budget last year and this year than the
2 lockdowns and people who were put out of work.
3 More importantly, I think it's had just a
4 crushing impact on Pennsylvania families, on
5 people who live paycheck to paycheck.

6 Do you know how many people were put
7 out of work by the governor's lockdowns?

8 ACTING SECRETARY BERRIER: So, I
9 would just like to clarify, this isn't just
10 because of the governor's lockdown. We're in
11 the midst of a pandemic, a global pandemic.
12 So, you know, there's research that shows that
13 individuals were staying home. So, you know,
14 I want to be clear that this just isn't a
15 result of the governor's well-thought-out
16 mitigation orders.

17 REPRESENTATIVE STRUZZI: I understand
18 that, but we need to have a number. I mean,
19 if we're talking --

20 ACTING SECRETARY BERRIER:
21 Absolutely. So, February of 2020, we had 6.1
22 million jobs. That fell by 1.12 million
23 through May 5th. So far, we've regained
24 652,000 jobs through November of 2020. And
25 those are non-farm jobs.

1 As far as employment, for February
2 '20, we were experiencing record low
3 unemployment rates. We had 6.2 million
4 individuals employed. By November '20, it was
5 5.9 million. So, you know, we did experience
6 some job recovery prior to our record high
7 months, which were in March and April, but we
8 have since recovered, I think, approximately
9 57 percent of our jobs.

10 REPRESENTATIVE STRUZZI: That's good
11 news. Thank you for sharing that.

12 Do you know how many jobs or -- did
13 not survive, that were permanently lost? I
14 know -- I represent Indiana County, and I have
15 seen firsthand -- and my staff, God bless
16 them, they have been dealing with this on the
17 front lines since the pandemic and the
18 shutdowns started, and we have just heard
19 numerous stories of people who aren't making
20 it, and they're still not making it.

21 Do you have -- can you quantify how
22 many jobs have been permanently lost?

23 ACTING SECRETARY BERRIER: So, what I
24 gave previously, the 6.1 million individuals,
25 was who were employed by -- in February. So,

1 it would be minus the November 2020 amount of
2 5.6 million. So, it's roughly 500,000 jobs or
3 so that have been lost.

4 REPRESENTATIVE STRUZZI: Permanently
5 lost, 500,000.

6 ACTING SECRETARY BERRIER: That's --
7 yeah. We don't know the reason why they're
8 lost or if they're coming back, but we just
9 know that, according to our data, those
10 were -- that was the jobs that were lost.

11 REPRESENTATIVE STRUZZI: That's truly
12 concerning, obviously.

13 Are you able to take those numbers
14 and measure the negative impact on the overall
15 economy, lost income, state revenues and
16 things like that? Are you able to quantify
17 that as well?

18 ACTING SECRETARY BERRIER: The
19 problem with this is there's no play book. I
20 wish I could wipe off my hundred-year-old
21 playbook from the Spanish Influenza, but,
22 unfortunately, that's not possible. There's
23 no predictive modeling that is in place for
24 this situation. This is something that is a
25 once-in-a-lifetime occurrence. So, you know,

1 we are trying to do our best, but, however,
2 there's not a true and tried predictive
3 analysis of what that would be.

4 REPRESENTATIVE STRUZZI: So, there
5 isn't a number that you could say this has
6 caused this much revenue loss in Pennsylvania?

7 ACTING SECRETARY BERRIER: I could
8 probably check with you and get back to you --

9 REPRESENTATIVE STRUZZI: I think
10 that's important, as we are talking about the
11 budget. And believe me, I understand. And as
12 you mentioned several times in your testimony,
13 this is unprecedented. But we also have to
14 learn from this and make sure that we don't
15 put people in these situations ever again,
16 because this is probably not the last pandemic
17 we'll ever see.

18 So, I think it's important, moving
19 forward, that we understand that.

20 Do you have any strategies to offer
21 on how we can get these businesses and jobs
22 back, the ones that we lost?

23 ACTING SECRETARY BERRIER:
24 Absolutely. Governor Wolf proposed his Back
25 to Work PA plan. You know, this is --

1 talking -- you know, his plan is very robust.
2 It's leveraging existing programs that we have
3 in place, programs that work.

4 You know, on the workforce
5 development side, we're talking about rapid
6 credentialing and upskilling individuals,
7 dislocated workers. So, we're training them
8 for the jobs that are available today and for
9 the future.

10 There's also, you know, an economic
11 injection that DCED, who are our partners in
12 many endeavors, will play a part in as well as
13 far as, you know, making sure that businesses
14 grow and that our economy stays strong and
15 putting monetary injection into that as well.

16 REPRESENTATIVE STRUZZI: Thank you.

17 Just one more quick question. Were
18 you able to monitor how other states handled
19 the pandemic and did we learn from that? How
20 did Pennsylvania compare to other states and
21 how they responded, specifically to job and
22 economic impacts?

23 ACTING SECRETARY BERRIER: You know,
24 so because of Pennsylvania's mitigation
25 orders, you know, the governor saw this as a

1 public health crisis and did the responsible
2 thing by addressing it early to save lives.
3 You know, our mitigation orders went into
4 effect earlier than other states, whereas, you
5 know, ours was in the springtime, whereas
6 other states felt the full impact of COVID-19
7 in the summer, when we weren't.

8 You know, our -- our mitigation
9 efforts were pretty comparable to states of
10 our size with our economy. You know, at this
11 point, you know, our unemployment rate is
12 level with the federal unemployment rate. So,
13 we're comparable nationwide.

14 REPRESENTATIVE STRUZZI: Well, I
15 appreciate you being here today, and I'd just
16 encourage you to do everything you can. Five
17 hundred thousand jobs is not something that we
18 can accept.

19 So, thank you.

20 MAJORITY CHAIRMAN SAYLOR: Next is
21 Representative Steve Kinsey.

22 REPRESENTATIVE KINSEY: Thank you,
23 Mr. Chairman.

24 Good morning, Madam Secretary.

25 Madam Secretary, first and foremost,

1 I really want to compliment you and your
2 department. We all recognize that we're
3 dealing in -- as we deal with this pandemic,
4 it's new times. And I thought I heard you
5 mention earlier something about 2 million
6 additional claims. I think -- I thought I
7 heard you also mention how, working with the
8 administration, you were able to pull staff
9 from other departments to assist your
10 department regarding -- to address the record
11 amount of claims that Pennsylvania has seen.
12 So, I think that we really need to give
13 credit -- you know, and I want to be clear.
14 This is definitely some tough times, but it
15 seems as though you and your department are
16 meeting the challenge, continuing to meet the
17 challenge. So, I want to thank you for that.

18 Madam Secretary, as I get the
19 opportunity to talk to businesses around the
20 Commonwealth, and especially in my district,
21 folks are looking for and asking what's next.
22 And I had an opportunity just recently to talk
23 to my congressman, who talked about the
24 possibilities that under President Biden's
25 relief plan, that Pennsylvania might receive

1 some additional funds.

2 My question to you is that, it's my
3 understanding that some of these dollars might
4 be flexible. So, if the general assembly sort
5 of directs dollars to your department, how do
6 you foresee your department utilizing those
7 dollars to help Pennsylvania, to help us move
8 forward?

9 ACTING SECRETARY BERRIER: Thank you,
10 Representative. I appreciate your kind words.
11 I know many of our staff are listening today,
12 and they are very appreciative to be
13 recognized for the hard work that they've
14 performed throughout the course of this year,
15 as they rightly deserve to be.

16 Concerning additional funds coming
17 down the pike, you know, currently, right now,
18 we have to live within our means, within what
19 we're given by the federal government and also
20 through our state appropriation. You know,
21 we can't plan based on money that may or may
22 not come. So, we're planning based on the
23 funding that we know that we pretty much have
24 set.

25 You know, additional funds is always

1 helpful. You know, let me make this clear.
2 Unemployment compensation is our number one
3 priority. We will not rest until all eligible
4 people are paid their unemployment benefits.
5 So, anything we can do to -- to make that
6 happen is what we will do with any additional
7 money. And also workforce development, the
8 next phase of coming out of this pandemic is
9 ensuring that people are skilled and that they
10 have the skills they need to go into the jobs
11 that are available and the jobs of the future.

12 REPRESENTATIVE KINSEY: Thank you
13 very much for that, Madam Secretary.

14 Let me just shift and glide down. We
15 know, you know that there's certain businesses
16 that have been impacted more than others. Is
17 there a plan for your department to assist
18 those businesses? And what I'm referring to
19 is that, you know, we've talked about
20 mitigation efforts that have taken place,
21 which I think is -- which I believe has been
22 very helpful for saving lives and making
23 Pennsylvania even a safer state. But,
24 unfortunately, under the same token, some
25 businesses just could not survive from a

1 business perspective.

2 Is there things that your department
3 is planning to do, is there things that your
4 department can do to assist those businesses?
5 Again, we recognize that, you know, some are
6 large, some are small. And I'm thinking about
7 more so those businesses that were hit harder.
8 Maybe some of those smaller businesses, maybe
9 businesses that were run by folks of color,
10 maybe businesses in poorer communities that
11 just don't have the resources to patronize
12 that.

13 Has your department looked at
14 developing a plan to assist those businesses?

15 ACTING SECRETARY BERRIER: Thank you
16 for your question, Representative.

17 We have been working with the
18 Department of Community and Economic
19 Development. You know, this is -- you know,
20 supporting businesses is definitely a
21 statewide effort that involves many agencies,
22 including Labor and Industry and DCED. We'll
23 continue to partner with our sister agencies
24 in making sure that we're funneling money into
25 the appropriate areas that need them.

1 And a good example of that is the
2 governor using money from the insurance fund
3 to support the restaurant industry. We'll
4 continue to be strategic and move forward in
5 that direction.

6 REPRESENTATIVE KINSEY: Great.

7 So, in closing, I just want to say
8 this, and I appreciate and thank you for being
9 here, Madam Secretary.

10 And, you know, we know that your
11 department, especially due to this pandemic,
12 has been faced with a lot of criticism. We
13 can't set aside all Pennsylvanians all the
14 time, but there's no doubt in my mind that you
15 and your department are doing the best that
16 you can to help us help the people out there.
17 So, I want to say thank you very much for
18 that. Thank you to your staff. I just think
19 that, you know, you're doing the best that you
20 can with what you have.

21 So, again, thank you very much.

22 ACTING SECRETARY BERRIER: Thank you.

23 MAJORITY CHAIRMAN SAYLOR: Next is
24 Representative Ryan Warner.

25 REPRESENTATIVE WARNER: Thank you,

1 Mr. Chairman.

2 Thank you, Madam Secretary, Deputy
3 Secretary, for joining us here today.

4 So, an issue that has been
5 persistently frustrating for myself and my
6 staff is when I hear from my constituents that
7 they continue to wait for unemployment
8 benefits, cannot, still to this day, make
9 contact with your agency.

10 I know that you guys are very well
11 burdened but so is my staff. It's become one
12 of our top issues that we deal with on a daily
13 basis. You mentioned earlier that the work
14 for UC employees is hard, taxing, and not for
15 the faint of heart, and to that I agree.

16 And that's why I do want to take one
17 minute here to personally thank my staff, who
18 has no UC background or training, and thank
19 them for the work that they've done, and the
20 staff of all the representatives in this
21 building, because I know that all of our
22 offices have been overwhelmed with UC calls,
23 and I know the difficulty in that. To that
24 statement, I agree. And I want to personally
25 thank those workers in our offices.

1 To get to a few questions here, I'd
2 like to know, first of all, how many employees
3 were administering UC when the governor shut
4 down businesses and how many are currently
5 administer UC?

6 ACTING SECRETARY BERRIER: Thank you,
7 Representative.

8 And please let me follow up by saying
9 thank you to all legislative staff. Every
10 representative and senator that I've spoke to,
11 I've also thanked their staff as well, because
12 it's truly been a partnership with your
13 offices and our offices, and I really
14 appreciate their efforts in helping us -- I
15 mean, working together is how we're going to
16 get through this. So, thanks to your staff as
17 well.

18 You know, I believe I stated
19 previously, in February of 2020, when the
20 unemployment rate was at 4.7 percent, we were
21 staffed for record low unemployment at
22 approximately 770 folks within our UC program.
23 To date, we have approximately over 1600
24 individuals who are working full-time on
25 our -- through our UC program.

1 REPRESENTATIVE WARNER: Okay. So,
2 can you -- so what was the full complement of
3 the department like last February this time?
4 Do you have a rough idea?

5 ACTING SECRETARY BERRIER: I believe
6 it was slightly under 4,000. And currently
7 it's slightly above 4,000.

8 REPRESENTATIVE WARNER: Okay. I want
9 to get back to a SAP report here that I have
10 about the complement. But to continue, how
11 many employees were assigned to different UC
12 tasks and how many employees -- specifically
13 more interested, how many employees were
14 answering calls?

15 ACTING SECRETARY BERRIER: I would
16 have to get that breakdown for you. I can
17 tell you that -- that currently we have two
18 hundred sixty-nine IIIs, and also a hundred
19 ninety-eight IIs. Those are full-time staff
20 that we have within the agency that are
21 answering calls.

22 Pardon me.

23 But that doesn't -- that doesn't
24 include the contracted staff and the borrowed
25 staff that we have.

1 REPRESENTATIVE WARNER: Can you tell
2 me, from the beginning of the shutdowns till
3 now, do you know how many calls were received
4 by the agency and the percentage that got
5 through?

6 ACTING SECRETARY BERRIER: So, to
7 date, since the shutdown, we have answered 1.1
8 million calls.

9 REPRESENTATIVE WARNER: Okay. But do
10 you know how many got through? In other
11 words, do you know -- see, one the biggest
12 problems again is that people can't get
13 through to the department. And, again, that's
14 why they turn to us, because they have -- not
15 email, not phone call. I mean, do you know
16 what percentage of people were able to get
17 through?

18 ACTING SECRETARY BERRIER: So, those
19 are the people that got through, those were
20 the phone calls that were answered.

21 REPRESENTATIVE WARNER: Okay.

22 ACTING SECRETARY BERRIER: We do not
23 know how many people have called because it is
24 a busy signal that they would receive when
25 they call our lines. And that's information

1 that we're not able to track.

2 REPRESENTATIVE WARNER: So, how were
3 UC claimants told to contact the agency, and
4 how did your employees manage calls while they
5 were working from home?

6 ACTING SECRETARY BERRIER: So, we
7 actually have software that operates through
8 our computers called Genesis that actually,
9 like, queue up calls and basically distribute
10 them in order to our staff. So, that's how
11 they were able to answer calls from home.

12 REPRESENTATIVE WARNER: Okay. So, I
13 mean, could you explain to me then, how did
14 employees follow up with an individual-
15 submitted inquiry?

16 ACTING SECRETARY BERRIER: So, as far
17 as email is probably the easiest way for us to
18 follow up. To date, we've sent 2.2 million
19 emails. When an individual follows up with a
20 constituent, they typically send an email or
21 they will try to call that individual.

22 REPRESENTATIVE WARNER: So, I want to
23 go back to something that you mentioned
24 earlier in the questioning, and I am running
25 out of time here.

1 You had mentioned about third-party
2 agencies. When did you first bring on a
3 third-party agency to do any contracting work
4 for the department?

5 ACTING SECRETARY BERRIER: So, April
6 is when we first engaged contractors to help
7 us with customer service.

8 ACTING SECRETARY BERRIER: What did
9 they do?

10 ACTING SECRETARY BERRIER: As far
11 as -- I'm sorry. Could you --

12 REPRESENTATIVE WARNER: What did the
13 contractors do? How did they help the
14 department?

15 ACTING SECRETARY BERRIER: They
16 provide customer service representatives.
17 More importantly, you know, as we were
18 required to stand up five additional federal
19 programs, the PUA program, which is the one
20 that services 2 million individuals that we've
21 never serviced before, these contractors were
22 answering phone calls and emails for the PUA
23 program.

24 REPRESENTATIVE WARNER: Okay. So, it
25 was in April that they were -- they were hired

1 on. Was there any thoughts of doing, like, a
2 full-time call center, like, contracting call
3 center? Other states -- like Colorado, I
4 believe, did. Why wouldn't Pennsylvania do
5 that when people weren't able to get through?

6 ACTING SECRETARY BERRIER: I would
7 have to check into that and get back to you.

8 REPRESENTATIVE WARNER: Okay.
9 Unfortunately, Madam Secretary, I'm out of
10 time. I do have further questions if we do
11 have another round.

12 But I do want to thank you and the
13 deputy secretary for your time here today.

14 Thank you.

15 MAJORITY CHAIRMAN SAYLOR: Next is
16 Representative Fiedler.

17 REPRESENTATIVE FIEDLER: Thank you,
18 Mr. Chair.

19 Thank you for joining us today. And
20 thank you for your work.

21 I know this has been an extremely
22 hard time, and to follow up on some of the
23 comments by my colleagues on this side and the
24 other side of the aisle, I know that my
25 district office in South Philly has received

1 an overwhelming number of calls over the last
2 year from constituents who are just so
3 frustrated, so frustrated by the unemployment
4 situation in Pennsylvania.

5 Obviously, this has hit us like a
6 tidal wave. Right? We could not have
7 anticipated a few years ago the size of this
8 challenge, though we did know in many ways
9 that our infrastructure was underfunded and
10 outdated, and some steps were being taken to
11 address it previous to COVID. But the size of
12 what we face could not have been anticipated.

13 The calls that I get from people are
14 often people who are literally on the edge of
15 survival. And I do want to thank my staff for
16 all the work that they do, because they are
17 just speaking with people who are unable to
18 pay for their home, pay for their car, pay
19 their utilities, pay to keep food on the
20 table, pay for their kids to have clothes on.
21 And, in many cases, these are people who were
22 struggling before the pandemic, and in many
23 other cases they are people who worked their
24 entire lives. Right? They might have had a
25 tight household budget, but they could make it

1 work. And all of a sudden, the rug was pulled
2 out and everything fell apart. They are
3 frustrated. They are angry. And they feel a
4 lot of other emotions that are probably not
5 appropriate for me to express specifically
6 with some words into this microphone.

7 I feel their frustration, too. And
8 it is real.

9 Other people who have called us,
10 quite honestly, are near the point of suicide.
11 And they have expressed this on the phone.
12 And this is not just our office. I've spoken
13 with many other representatives who are also
14 facing this. Constituents really, after an
15 entire year of this, do not know where to
16 turn. They look at their kids in the morning
17 and they don't know what they can do to change
18 the situation.

19 You've heard they send emails;
20 there's no response. They try on the phone
21 over and over and over, and there's nothing.
22 There's nothing. And I understand that you
23 are working hard. I understand absolutely the
24 members of the department are working hard.
25 I'm very, very frustrated.

1 And the case backlog, to me,
2 astonishing, just astonishing. And our
3 district offices, as you've heard, are bearing
4 the brunt of it.

5 The average time to adjudicate a case
6 it says is now ninety-two days. Is that
7 correct?

8 ACTING SECRETARY BERRIER: That is
9 correct.

10 REPRESENTATIVE FIEDLER: Can you tell
11 us, does ninety-two days feel to you like an
12 acceptable turnaround time?

13 ACTING SECRETARY BERRIER:
14 Representative, thank you.

15 And I just have to express, we feel
16 the same frustration. I mean, you know, this
17 doesn't happen in a vacuum. This affects us
18 as well. We receive the same calls as you,
19 and we're trying to do everything within our
20 power to address this situation.

21 So, no, ninety-two days is not
22 acceptable. And we are -- we developed a
23 strategic plan so that we can look how to
24 decrease that time frame, bring additional
25 staff on board, to decrease that length of

1 time, because, no, nobody should have to wait
2 three months to get an adjudication.

3 REPRESENTATIVE FIEDLER: And what is
4 the goal that your department has as the
5 expectation of what you would like to reach?
6 As I understand it, before COVID, the time to
7 adjudicate used to be about twenty-six days.
8 Is that the goal right now, or are we looking
9 at multiple steps to get to that point?

10 ACTING SECRETARY BERRIER: It's going
11 to have to be a phased approach -- that's not
12 going to happen overnight to get to twenty-six
13 days. We're going to have to hit milestones
14 before we get back to twenty-six days.

15 I mean, Representative, we've
16 received in the past year 5.2 million initial
17 applications for unemployment compensation and
18 PUA. That is more than all the applications
19 we received from 2011 to 2019. And, you know,
20 I just want to point out, especially with the
21 PUA and the other federal programs that we're
22 implementing, those are temporary programs.
23 So, we have to make sure that we're being
24 strategic with what we're doing, because, at
25 the end of this, we don't want to lay people

1 off.

2 REPRESENTATIVE FIEDLER: Absolutely.
3 And I certainly agree with you about the size
4 of it. And that was one reason I wanted to
5 mention it right up in the beginning. We knew
6 that we had a lot of challenges in our system.
7 We didn't know the size of what was coming.

8 Do you have -- what is the number
9 that you're aiming at? You mentioned multiple
10 steps. Right now we're at ninety-two days.
11 What is the next step that we're trying to get
12 down to in terms of days?

13 ACTING SECRETARY BERRIER: It's
14 really going to depend on how many additional
15 staff we're able to promote to bring on board
16 to address adjudications.

17 Currently, right now, I believe we
18 are performing 6- to 7,000 adjudications a
19 week. We would like to up that to 10,000
20 adjudications a week. So, when we set goals,
21 we're talking about how many adjudications
22 we'd like to do within a certain time frame.
23 And I think that would put us on good footing,
24 because at that point we would be processing
25 more adjudications than what we're actually

1 taking in.

2 REPRESENTATIVE FIEDLER: Thank you
3 for that.

4 And in terms of the budget, finances,
5 what other -- there's many issues that we
6 struggle to face on a bipartisan basis. I
7 think this is one that clearly we all want to
8 fix.

9 What other support could you use from
10 a budget perspective to improve not just the
11 experience but the turnaround time, make sure
12 there's someone on the phone, make sure these
13 cases move more quickly in the adjudication
14 process?

15 ACTING SECRETARY BERRIER: I hate to
16 say that it's complicated, but it is a bit
17 complicated because a lot of the -- the
18 federal programs that we were asked to stand
19 up by the federal CARES Act were funded by
20 special COVID relief money contained within
21 the act and its extension. We are closely
22 watching the Biden administration's economic
23 stimulus package that is making its way
24 through Congress. When those programs are
25 extended again, as we anticipate them to be,

1 there will be additional financing that will
2 come along with that.

3 Our financing is derived directly
4 from the federal Department of Labor. They
5 have -- they have funding formulas that they
6 use in which to give us appropriate funding to
7 run our programs. At this point in time, it's
8 a little too early for us to say what
9 additional funds we may need, because so far
10 we have been good with the funds that we have.

11 What we need are experienced UC
12 representatives to help us process claims.
13 And, you know, that's what we need right now.

14 REPRESENTATIVE FIEDLER: Understood.
15 I remember being --

16 MAJORITY CHAIRMAN SAYLOR:
17 Representative, I have to cut you off. I left
18 you go past your time, but we need to move on.

19 REPRESENTATIVE FIEDLER: Thank you.

20 MAJORITY CHAIRMAN SAYLOR: Very good.

21 Next is Representative Natalie
22 Mihalek.

23 REPRESENTATIVE MIHALEK: Thank you,
24 Mr. Chairman.

25 (PHONE BUSY SIGNAL PLAYED.)

1 Can you all hear that? I'm trying to
2 get in touch with somebody at the Department
3 of Labor and Industry. I have been all
4 morning. I have been for eleven months. It
5 brings me no pleasure to play you a busy
6 signal. But it is frustrating. It is
7 frustrating to hear that. It is frustrating
8 beyond belief for those people who are out
9 there with no income to hear that on the other
10 end.

11 And I want to make sure that you and
12 your leadership team have an accurate picture
13 of what it looks like for the average person
14 going through our unemployment system. This
15 is the number one frustration that we hear
16 every single day in our district offices.

17 Pre-COVID, if a person called our
18 legislative office, we could pick up our
19 phone, call the Department of Labor and
20 Industry with a person's Social Security
21 number, and most of the time resolve the issue
22 on the spot.

23 Now things, of course, changed last
24 March. We all know. We've all heard from our
25 previous colleagues here, and I don't blame

1 the Department of Labor and Industry. We had
2 a shutdown. We jumped from 40,000 claims to
3 over a million in the blink of an eye. But
4 there were so many out there who suddenly lost
5 their ability to earn a paycheck, to put food
6 on the table, through no fault of their own,
7 had no income, no answers, nowhere to turn,
8 and were many times brand new to the
9 unemployment system and just needed some
10 guidance.

11 I couldn't tell you how many stories
12 we had of people calling, spending their days
13 calling the Department of Labor and Industry,
14 getting the busy signal, just letting the
15 phone ring, spending days because they were
16 desperate and they were uncertain.

17 So now, instead of being able to call
18 and get a human on the phone when people were
19 their most desperate, we had to send an email
20 to your Department, and we could hope to hear
21 back between two and nine weeks. Two and nine
22 weeks. I can't imagine in what professional
23 environment that two and nine weeks is
24 acceptable. Two and nine weeks. Not for a
25 check, by the way, but just for a response.

1 And you better hope that you don't have any
2 follow-up questions, because it's going to be
3 another two to nine weeks for a response.

4 What do you have to say to the
5 thousands upon thousands of Pennsylvanians who
6 are in financial distress? What do you have
7 to say about that response time?

8 ACTING SECRETARY BERRIER: Thank you,
9 Representative.

10 And, you know, we are aware, and we
11 are completely -- that is not acceptable to
12 us. That is not acceptable to us.

13 You know, when I came on board less
14 than three months ago, I didn't understand the
15 complexities of what was occurring within the
16 unemployment system. Now that I've had two
17 and a half, nearly three months of listening
18 to stakeholders, listening to constituents,
19 listening to complainants, I understand the
20 frustration, and we are working as quickly as
21 we can to beef up our staffing, to make sure
22 that folks -- our goal is to make sure that
23 folks can get through on the phone lines --

24 REPRESENTATIVE MIHALEK: So, thank
25 you for that. And I appreciate your situation

1 that you're new to the title, but how long
2 have you been with the Department of Labor and
3 Industry?

4 ACTING SECRETARY BERRIER: Fifteen
5 years, Representative.

6 REPRESENTATIVE MIHALEK: Fifteen
7 years with the Department of Labor and
8 Industry. And this is new information to you
9 in this role? That people have, you know,
10 been taking two to nine weeks on a good day,
11 but most of these problems are very complex.
12 Right?

13 And our legislative offices have
14 become an arm, so to speak, of the Department
15 of Labor and Industry, and you said yourself
16 that, you know, it takes very specialized
17 training. I think you called them the
18 unemployment examiners, so to speak, that, you
19 know, these people have go to through
20 specialized training and really big into these
21 complex unemployment issues.

22 So, what are we doing to address
23 this? If we don't have, you know, these call
24 centers, we haven't, you know, gotten a temp
25 agency involved, what are we actually doing --

1 have we been doing for eleven months to
2 address this?

3 ACTING SECRETARY BERRIER:

4 Representative, we've been engaging with our
5 two contractor services. We continue to bring
6 individuals on board as quickly as our
7 contractors can find them. We continue to do
8 hiring so that we can beef up our call centers
9 and be able to address the issues that these
10 individuals have.

11 We've developed recently a strategic
12 plan where we have some plans in the works to
13 improve the UC system, our communication, and
14 also our staffing so that we can address --

15 REPRESENTATIVE MIHALEK: And plans in
16 the works are great, but it has been eleven
17 months of frustration. We've had three calls
18 just this week -- and it's only Tuesday --
19 we've had three calls this week to my
20 legislative office from people that have not
21 received any benefits since March. Because of
22 this staffing shortage at Labor and Industry,
23 our offices are bombarded with calls for
24 unemployment claims. And we offer a myriad of
25 constituent services, and unemployment is just

1 one of them.

2 So, I spoke with my constituent
3 services specialist last night, and I said,
4 Out of your forty-hour workweek, how many
5 hours do you dedicate every week to
6 unemployment claims? And his answer was forty
7 hours. That is unacceptable. That is
8 unacceptable. And our staff, of course, has
9 no training. We don't have access to your
10 systems. But we're on the hook for the
11 failures of the Labor and Industry department,
12 and we're left to say, I'm sorry, even though
13 it's not our fault. Of all these failures of
14 your department, we're left to say, I'm sorry,
15 because no one else will. This administration
16 can't own up to the mistakes, and we're left
17 to answer for the failures of the department.

18 Thank you, Madam Secretary. I see
19 that I'm out of time.

20 MAJORITY CHAIRMAN SAYLOR: Next is
21 Representative Kinkead.

22 REPRESENTATIVE KINKEAD: Thank you,
23 Mr. Chairman.

24 Thank you, Madam Secretary, for being
25 here.

1 So, we've talked repeatedly about
2 this just being an absolutely unprecedented
3 time. And I would say probably the closest
4 comparison in recent history to this pandemic
5 is the great recession in terms of
6 unemployment claims. We saw, to that point,
7 an unprecedented UC claims, but the department
8 was actually relatively capable of reasonably
9 addressing in a relatively short amount of
10 time the demand.

11 And I'm wondering if you can explain
12 the difference between the circumstances at
13 that point in the department and the
14 circumstances now and what has changed to
15 cause this kind of backlog.

16 ACTING SECRETARY BERRIER: Thank you,
17 Representative.

18 You know, to date, as I said, we have
19 had over 5.2 initial claims filed between the
20 traditional unemployment compensation and the
21 PUA system. During the great recession, over
22 a three-year period, we had approximately
23 slightly over two million claims filed. So,
24 just putting that into perspective, I mean, we
25 have 150 percent increase in the number of

1 claims filed in a shorter amount of time. In
2 March alone, we had nearly a million claims
3 filed in one month. That's more than we see
4 in a year.

5 So, you know, the breadth of this
6 situation and the low staffing levels that we
7 had at that time, you know, really was a
8 recipe for disaster. And throw on top of it
9 the federal CARES Act that basically, you
10 know, required us to set up a brand-new
11 federal program that addresses a part of a
12 population that we've never served before,
13 with new rules that constantly change -- I
14 mean, in fact, under the PUA program, we just
15 received guidance last week changing the rules
16 on us again.

17 So, it's been very challenging, you
18 know, implementing our traditional UC program
19 and also implementing five additional federal
20 programs that provide money to individuals in
21 need.

22 REPRESENTATIVE KINKEAD: What do you
23 think that we could you have done in terms of
24 budgeting or otherwise that could have
25 prevented this kind of result? I mean,

1 obviously, there were things that were
2 unanticipated, like the federal programs. But
3 in terms of ability to adapt to the massive
4 onslaught of claims right in March, what do
5 you think that we could have done sort of as a
6 preventative measure?

7 ACTING SECRETARY BERRIER: And that's
8 a very fair question. Thank you,
9 Representative.

10 I think the issue is that our
11 staffing levels were dangerously low. You
12 know, the layoffs that had occurred prior to
13 the -- you know, to the pandemic, had left us
14 at very low staffing levels. If we would have
15 been staffed appropriately, we would have been
16 able to manage our traditional unemployment
17 compensation. But as far as addressing it
18 with the federal programs, I mean, that's
19 something that we couldn't have prepared for.
20 That's something that we had to respond to.

21 And let me just make this clear as
22 well. This is not just a Pennsylvania
23 problem; this is a national problem.
24 Colorado, New Jersey -- I mean, there are many
25 other sister states that have the same issues.

1 In fact, they've even shut off their phone
2 lines, whereas we've maintained and kept ours
3 open.

4 So, you know, this is unprecedented
5 and something that we couldn't have planned
6 for.

7 REPRESENTATIVE KINKEAD: Thank you.

8 In terms of PUA, so PUA, obviously,
9 has changed some of the rules. And one of the
10 rules is that it allows for individuals that
11 are forced out of the workforce due to lack of
12 child care and now allows them to get UC
13 benefits. However, an article published this
14 weekend reported that these individuals are
15 being improperly denied benefits. This is --
16 this in particular impacts women. And I'm
17 wondering how the department is working to
18 address this problem.

19 ACTING SECRETARY BERRIER: Thank you.

20 And I read the same article that you
21 did, and it completely broke my heart, you
22 know, the single mother with her children who
23 have to stay home. And, unfortunately, under
24 traditional UC, that would have not been a
25 reason to receive unemployment benefits. But

1 as you aptly pointed out, under the PUA
2 program and the newest guidance released,
3 there is a potential that that individual
4 could receive PUA benefits.

5 So, we are working quickly to adjust
6 to implement and adjust to the new guidance
7 that was provided by DOL. I know we had a
8 conference call with them and all the other
9 states yesterday to figure out what the
10 guidance means, because, DOL typically has
11 certain requirements that they have that goes
12 along with the guidance, and we have to make
13 sure that we follow their guidance, because if
14 we don't, we could potentially forfeit
15 reimbursement money.

16 REPRESENTATIVE KINKEAD: Thank you.

17 Thank you, Mr. Chairman.

18 MAJORITY CHAIRMAN SAYLOR: Next is
19 Representative Meghan Schroeder.

20 REPRESENTATIVE SCHROEDER: Thank you,
21 Chairman.

22 Hello, Secretary. How are you?

23 So, I want to go back to this UC
24 benefit claim backlog that we're dealing with.
25 Because I'm going to be honest with you, I was

1 a staffer before this, so I have worked Labor
2 and Industry, our legislative offices, and the
3 partnership there.

4 So, since March of 2020, that
5 percentage of benefits -- what percentage of
6 benefits have been paid thus far? What
7 percentage, since March.

8 ACTING SECRETARY BERRIER: Since
9 March -- so, concerning regular unemployment
10 compensation, we have paid 1.18 million
11 traditional UC claims, and we have paid 1.22
12 million PUA claims.

13 REPRESENTATIVE SCHROEDER: Do you
14 have a percentage?

15 ACTING SECRETARY BERRIER: Out of the
16 5.2, we paid 2.4.

17 REPRESENTATIVE SCHROEDER: Okay.
18 Okay. Do you have, like, a breakdown what
19 type? I know there's PUA, PUC, MEUC, FPUC,
20 ABCDEFG. Do you have any idea of, like, by --
21 how much we paid for out for each category or
22 by month or anything? Because I know at the
23 beginning of the pandemic till now, you know
24 it's a very different amount of numbers,
25 because I was getting those phone calls in the

1 office, so I know.

2 ACTING SECRETARY BERRIER: No. In
3 total so far to date, and actually I just saw
4 that report today, we paid over 37 billion
5 dollars in UC benefits across all the program
6 areas. I do have the breakdown, I just don't
7 have it with me.

8 REPRESENTATIVE SCHROEDER: Okay. If
9 you can to the chairmen, that would be great.
10 Thank you so much.

11 So, I really want to talk about the
12 process. So, you know, I heard a little bit
13 about ninety-two days. What exactly, for
14 separation issues, is the number? Because I
15 know that we're dealing with months to hear
16 back about an issue about that. I mean, seven
17 months is like the current wait time, I think.
18 So, what is that? What's going on there?

19 ACTING SECRETARY BERRIER: So, I mean
20 there could be many different issues that pop
21 up with -- I mean, there's --

22 REPRESENTATIVE SCHROEDER: I mean, it
23 used to take us, like, a couple months, now
24 it's like -- that's a lot. That's, like,
25 unacceptable level.

1 But is it because of the software
2 we're using not being able to communicate
3 being reviewed in time? I know all those
4 things have many steps involved.

5 ACTING SECRETARY BERRIER: You know,
6 I think it's important to differentiate
7 between the two programs, regular UC versus
8 the PUA program. Discussing traditional
9 unemployment compensation, if there is a clean
10 unemployment compensation claim, meaning that
11 the individual is -- you know, has paid -- you
12 know, is eligible for the benefits, there's
13 no challenges from the employer, that claim
14 goes through immediately. And they are
15 paid --

16 REPRESENTATIVE SCHROEDER: I want to
17 touch on that. So, at the beginning of the
18 pandemic, people would call and say, "I don't
19 know if I'm eligible. I don't know what to
20 do." So, let's say that scenario happened,
21 and their employer's, like, "No, I didn't tell
22 you shouldn't be showing up." Right. If that
23 situation occurred -- we had people call our
24 office to ask us, like, if they qualify
25 because the guidance on your website or that

1 was given to us was not very clear.

2 So, they would apply under one
3 system. Right? And hopefully they got
4 through. People that had, for example, two
5 types of -- 1099 or W-2s that they were
6 applying for, they didn't know what system to
7 apply under. So, they applied maybe for both,
8 maybe for one. And then they would get told,
9 "Oh, you should apply for the other one."
10 This took, like, months to figure out. Like,
11 why did that happen?

12 People were so frustrated. I mean, I
13 had people crying day after day to me on the
14 phone, and we were the front line for them to
15 get ahold of someone because the office wasn't
16 open. Like, that's -- and the website would
17 crash. Everything that could have went wrong,
18 went wrong.

19 So, like, what's the answer there?

20 ACTING SECRETARY BERRIER: So, for
21 traditional UC we were operating under our old
22 Legacy system. I think many of you know that
23 we are going through a benefits modernization
24 project that we hope to go live with this late
25 spring that is much more intuitive, much more

1 customer-friendly, it streamlines business
2 processes. However, in the midst of
3 transitioning to this new system, the pandemic
4 happened.

5 So, the traditional unemployment
6 compensation system is different than our PUA
7 system. We had the contract with our vendor,
8 put up a different system. These two systems
9 don't speak. As a result, we had to put out
10 extensive guidance on our website. We have a
11 handbook. We have FAQs. And --

12 REPRESENTATIVE SCHROEDER: Can I just
13 add to that, just think, if you were a first-
14 time applicant -- let's say you're a business
15 owner who lost your -- your income. Right?
16 If you have never applied before -- because
17 these are the people that we saw, first-time
18 applicants, people that never even navigated
19 your site before -- it was really confusing
20 what the guideline were. I mean, I tried to
21 help out as much as I could, too.

22 And, unfortunately, like, our staff,
23 who are not, like everyone has said, UC or L
24 and I experts, tried to become that. And I
25 think they've done a very good job and they

1 kept their own, but it's just -- I just want
2 you to understand that, like, we hear you say
3 you had, you know, a new idea, new innovative
4 strategic plan for now. Why now? Like, why
5 did it take this long? Like, it is an
6 absolute mess. Like, it's an embarrassment.

7 Like, I had -- I mean, I'm telling
8 you, I've answered phone calls and they things
9 they would tell me, Well, I submitted this and
10 then I tried to wait, and it took this long to
11 be reviewed. It took months, like,
12 unacceptable level.

13 So, at least, maybe, can we get like
14 a phone queue or something for your office to
15 have for people to reach out to? Because that
16 busy sound is what I get when I try to even
17 call on behalf of someone. Is there a phone
18 queue or an idea like that to be implemented
19 with the department? At least a callback in
20 two hours or something.

21 ACTING SECRETARY BERRIER: So, we
22 currently upgraded to -- at the beginning of
23 the pandemic we upgraded to the Genesis
24 system, which is an electronic system that
25 does have a queue service. Unfortunately,

1 because of the influx of calls, it can't
2 handle that queue system.

3 However, we are implementing soon, we
4 are implementing a text feature where a UC
5 service representative will reach out to a
6 constituent and text them and say, Hey, we're
7 going to be calling you in an hour. Will you
8 be available?

9 So, we're really hoping that will
10 create efficiencies so that individuals -- you
11 know, so our folks won't spend time trying to
12 get people on the phone, wasting time
13 unnecessarily, so we can be a little bit more
14 streamlined and strategic with how we're
15 trying to get ahold of people.

16 And also I'd like to mention, as far
17 as our communication, that is addressed in our
18 strategic plan. Currently, we're contracting
19 with a company, a nonprofit company, that will
20 be going through our UC website and making it
21 more understandable, more user friendly, and
22 making sure that individuals and claimants
23 understand the information that we're putting
24 on our website.

25 REPRESENTATIVE SCHROEDER: Okay.

1 ACTING SECRETARY BERRIER: Because we
2 do truly want to create a good customer
3 service experience.

4 REPRESENTATIVE SCHROEDER: Okay. I
5 know my time's up.

6 I was just going to say, I know other
7 states have, like, phone queues that work.
8 Like, why can't we -- it feels like everything
9 that we've tried to do in every category has
10 been a disaster.

11 So, I appreciate you being here.
12 Thank you very much.

13 Thanks, Chairman.

14 MAJORITY CHAIRMAN SAYLOR: Next is
15 Representative Krueger.

16 REPRESENTATIVE KRUEGER: Thank you,
17 Mr. Chairman.

18 And thank you so much, Madam
19 Secretary, for coming before us today.

20 Like all of my colleague before me,
21 my phones are ringing off the hook in my
22 legislative office. My legislative staff have
23 become UC case workers, trying to do the best
24 that they can to get people answers and get
25 them benefits.

1 And I just have to underscore what's
2 been said already, the average time to
3 adjudicate a claim of ninety-two days is not
4 good enough. The calls that we're getting in
5 our office, people are on edge, they're
6 desperate. They've spent through their
7 savings. They've gotten help from family.
8 And they've got no options left. And so, we
9 need to do better with that.

10 But, Madam Secretary, I know that
11 there have been policy decisions made in this
12 building that set our UC system up to fail
13 even before the pandemic. I was a member of
14 the Labor and Industry Committee back in 2016
15 when then-gubernatorial nominee, Senator Scott
16 Wagner, to score political points in a
17 gubernatorial race, forced the layoff of
18 almost five hundred UC workers right before
19 Christmas. And it took us almost a year to
20 get a funding solution negotiated, and half of
21 those workers never came back.

22 So, my first question for you, Madam
23 Secretary, if we hadn't laid off five hundred
24 workers back in 2016 because of political
25 issues, would we have been in a better

1 situation when this pandemic hit?

2 ACTING SECRETARY BERRIER: Thank you,
3 Representative.

4 I believe that we would have been in
5 a much better situation with our traditional
6 UC system if we wouldn't have had to layoff
7 five hundred people back in 2016.

8 REPRESENTATIVE KRUEGER: Okay. Thank
9 you.

10 And I have a question about what
11 happens next. I am hopeful that we will get
12 everyone paid. I am hopeful that with an
13 increased supply of COVID vaccines to
14 Pennsylvania, that we're not going to be in
15 this situation a year from now.

16 But I've got questions about what's
17 going to happen to our system and to the
18 people who are receiving UC benefits right
19 now, whether it's traditional UC or one of
20 these newly created federal programs, once we
21 get to the end of the pandemic.

22 My understanding is that, after the
23 last great recession in 2008, many states
24 spent down their UC trust funds, and instead
25 of making the decision to appropriate the

1 funds so that UC benefits could be replenished
2 and that we could give people the benefits
3 that they're paying for out of every paycheck,
4 many states, instead, made the decision to
5 make it harder to get UC benefits moving
6 forward.

7 I also understand that at that point
8 in time, many claimants received fault or even
9 fraud overpayments for years after the
10 recession had ended.

11 What are we doing now to make sure
12 that that doesn't happen to these folks who
13 are moving forward? Because when we've gotten
14 calls from folks who've received a fraud
15 payment, something they didn't apply for, or
16 an extra benefit, they're stressed. They're
17 still liable to pay back the money. And I'm
18 very concerned that we're going to have
19 millions of Pennsylvanians in a very difficult
20 position in the future.

21 ACTING SECRETARY BERRIER: Thank you,
22 Representative.

23 And you hit on some very important
24 issues, one of them being fraud. And that's
25 something that I've been remiss in mentioning

1 throughout this whole process. We have seen
2 in the PUA system unprecedented fraud
3 nationally. So, while we're -- you know,
4 while trying to make sure that individuals get
5 their legally entitled-to benefit, we're
6 fighting a war against fraudsters from foreign
7 countries who use stolen identity information
8 to apply for UC and PUA benefits, and it's
9 causing huge issues with us. We're not able
10 to get to all of our claimant's because of
11 these individuals who are fraudulently trying
12 to get benefits. So, I just want to point
13 that out.

14 We have contracted with a company
15 named ID.me. We contracted with them back in
16 October when we were made aware of this
17 national fraud issue. So far -- and just to
18 kind of give you some brief statistics on
19 that, so far we have sent 919,000 invites for
20 identity verification. And so far, to date,
21 we have only verified 137,000 of those 919-
22 invites, which is 14 percent.

23 So, you know, there is fraud that's
24 taking place that unfortunately is hampering
25 our abilities.

1 Concerning the overpayments, you
2 know, that is, unfortunately, a systemic issue
3 within the unemployment compensation issue,
4 and it could occur as simply as, you know, we
5 find someone eligible for benefits then
6 perhaps their employer comes back and says,
7 "Oh, well, they didn't show up to work, they
8 didn't leave -- you know, they weren't
9 terminated for non-willful misconduct. So,
10 you know, we have to basically find them
11 ineligible, and then that's how they end up
12 with an overpayment.

13 When it's a fault overpayment, that
14 is when the department pursues action to
15 recover that money. When it's a non-fault
16 overpayment, such as something that's innocent
17 or a misunderstanding, we do not pursue that
18 money against those individuals.

19 So, I think it's kind of important to
20 understand the differences between fault and
21 non-fault overpayment. Unfortunately, it's
22 something that, unfortunately, naturally
23 occurs within the system. And it's just not
24 limited to Pennsylvania. It's all states that
25 experience this.

1 because they were deemed ineligible.

2 REPRESENTATIVE O'NEAL: Okay. So,
3 it's not that 50 -- more than 50 percent have
4 no determination.

5 ACTING SECRETARY BERRIER: Correct.

6 REPRESENTATIVE O'NEAL: Any -- can
7 you clarify that? Out of those 5.2, what
8 percentage have been -- have some sort of
9 determination?

10 ACTING SECRETARY BERRIER: So, I
11 believe there's approximately 600,000 that
12 were -- that have been denied benefits or
13 found to be ineligible. But also, it's kind
14 of intricate, because a lot of these
15 individuals also went over to the PUA program
16 and might also be collecting benefits under
17 the PUA program.

18 REPRESENTATIVE O'NEAL: Okay. So,
19 those are just regular unemployment claims.

20 ACTING SECRETARY BERRIER: Yes.

21 REPRESENTATIVE O'NEAL: Okay. So, we
22 still have -- so, 600,000, that means
23 300,000 -- 3 million, excuse me, have some
24 sort of determination. And we're still
25 looking at 2.2 million claims that are

1 outstanding?

2 ACTING SECRETARY BERRIER: So, what
3 we -- let me start with regular UC. I just
4 don't want to fudge the numbers for you. So,
5 you know, for regular UC, we have paid 1.1
6 million individuals for UC. We have deemed
7 ineligible approximately 600,000 individuals.
8 There are individuals who may just stop filing
9 or who have incomplete claims for various
10 reasons. So, there's a small percentage of
11 individuals who have that going on that will
12 eventually have to rectify on the back end.
13 And then we have our individuals who are
14 waiting for determinations.

15 Under the PUA system, it's a little
16 bit different because of the federal CARES
17 legislation that has gone through and the
18 number of changes in the requirements that
19 have happened with the legislation.

20 REPRESENTATIVE O'NEAL: Okay. I
21 wasn't planning on asking this question, so I
22 do want to get to my planned question.

23 You know, it's a little astounding to
24 me that -- to hear that we still have 50
25 percent of unemployment claims that are

1 outstanding, not paid or denied. That's much
2 higher today as we stand here than I ever
3 would have imagined. You know, we're a year
4 into this.

5 Anyway, let's move on to my planned
6 question. I was going to ask specifically
7 about the Ben Mod system, and as I'm sure
8 you're aware, Act 70 -- Act 60, excuse me, of
9 2017 authorized funding for service and
10 infrastructure investment fund, specifically
11 authorized 85 million dollars to administer
12 the unemployment comp benefits. It also
13 authorized 30.2 million dollars in new
14 benefit -- in a new benefit modernization
15 system to replace the antiquated system.

16 Now, you mentioned earlier that this
17 benefit system was scheduled to go into effect
18 in October. And, obviously, it hasn't
19 happened.

20 So, my question is, what happened?
21 When will the system be ready? And how will
22 it impact the backlog of UC claims?

23 ACTING SECRETARY BERRIER: So, our
24 system, we are anticipating our system to go
25 live in late spring. Of course, this is all

1 going to be contingent on the additional
2 federal legislation that is passing through
3 Congress, because, unfortunately, when the
4 federal CARES Act came into existence and the
5 extension was passed, we had to pull some
6 resources that typically work on our Ben Mod
7 system to service these new federal programs.

8 So, we are anticipating late spring
9 is when we can actually go live with that.

10 ACTING SECRETARY BERRIER: With all
11 due respect, Madam Secretary, it's been four
12 years. And not only has been it four years
13 since this money was authorized, this is
14 really our second try at it. Right? The
15 first try was back in the Rendell
16 administration, some, you know, more than
17 eight secretaries ago. You're the third under
18 Governor Wolf. You know, we -- we're now
19 going on well over twelve years of working to
20 update our system.

21 Like, what is taking so long? Like,
22 what are we waiting for? We clearly just
23 saw -- now, I get it. No system -- I don't
24 know what system would have been in place to
25 handle the situation we just experienced, but,

1 regardless, what are we waiting for? It's
2 been four years and 30 million dollars,
3 taxpayer dollars, and we're still waiting.
4 We're still waiting. We've heard from plenty
5 of my colleagues earlier that -- of just the
6 frustration of even trying to figure out how
7 to apply for benefits. You know, I just -- I
8 don't understand. I -- you know, I'd like to
9 understand what -- you know, you said -- you
10 said you have a strategic plan in the works to
11 update the system. What have we been doing
12 the past four years?

13 ACTING SECRETARY BERRIER: Thank you,
14 Representative.

15 The strategic plan is to update the
16 unemployment compensation program as a whole
17 and make improvements.

18 Regarding the Ben Mod system, I can't
19 speak to what happened twelve years ago or
20 with the prior IBM project that's under
21 litigation. I can't really even speak to what
22 happened two years ago because I wasn't part
23 of the process.

24 REPRESENTATIVE O'NEAL: With all due
25 respect, Madam Secretary, you are in the hot

1 seat. You have to answer for your department.
2 Your department knows exactly what has
3 happened and what hasn't happened, so you can
4 speak to it, and you need to speak to it
5 because it is completely unacceptable.

6 This safety net that is supposed to
7 be there for when a Pennsylvanian needs a hand
8 has completely failed. Completely, across the
9 board. And I fully recognize that some of
10 that is completely outside the control of
11 anybody's control. But the reality is, we
12 have an antiquated system that's been decades
13 in the making to get updated, and you don't
14 even have the answer of what went wrong.

15 Like, what are we doing? Like, how
16 is this even remotely acceptable?

17 ACTING SECRETARY BERRIER: Thank you,
18 Representative.

19 What I can say is that the
20 unemployment compensation project is a very
21 complex project. It's probably one of the
22 largest computer projects ever undertaken in
23 the Commonwealth, with the amount of
24 information and the different technical
25 regulations that we have to implement with the

1 system. It's not easy. It's not easy just to
2 flip a switch.

3 Also, it hasn't been easy to go live
4 during this pandemic, which is why the Ben Mod
5 advisory committee was created with our fellow
6 stakeholders. You know, we have been in
7 constant consultation with the advisory
8 committee on this project. They are happy so
9 far with the progress that we've been making.
10 But they've also expressed concerns about
11 going live in the middle of a pandemic. We
12 need to make sure that our "I"s are dotted and
13 our "T"s are crossed before we go live,
14 because we don't want to take any chances
15 whatsoever. So, we want to be extra careful.
16 We plan to go live in the spring.

17 The contract is a contract that is
18 payable when we receive our deliverables.

19 REPRESENTATIVE O'NEAL: So, I'm out
20 of time.

21 Madam Secretary, I just want to make
22 one last comment. You know, I'm dismayed to
23 hear you say that anybody is happy with the
24 progress. I can absolutely tell you that I am
25 extremely frustrated with the progress of the

1 UC system. And I know my constituents are. I
2 know constituents are across the entire
3 Commonwealth. And you better believe they
4 expect you to be frustrated, too.

5 Thank you, Mr. Chairman.

6 MAJORITY VICE CHAIRMAN TOPPER: The
7 chair thanks the gentleman.

8 Madam Secretary, I believe I also
9 just heard you say that for this current Ben
10 Mod system, that the payment would be upon the
11 delivery or when it actually occurs. Did -- I
12 heard that correctly? As opposed to the IBM
13 disaster several terms ago.

14 ACTING SECRETARY BERRIER: Correct,
15 Representative.

16 MAJORITY VICE CHAIRMAN TOPPER: With
17 that, that the chair recognizes the lady from
18 Philadelphia, Ms. Bullock.

19 REPRESENTATIVE BULLOCK: Thank you,
20 Mr. Chair.

21 And good morning, Madam Secretary.
22 Thank you for being here today.

23 I share with my colleagues with the
24 frustration that many of us have seen in our
25 districts, but also with the gratitude for

1 your staff and the work that you're doing to
2 expedite claims as quickly as possible under
3 this circumstances.

4 What we know historically is that
5 black and brown workers have faced the brunt
6 of most employment crisis. They are often
7 last to be hired, first to be laid off. They
8 face significant disparities in the workplace
9 when it comes to raises or support within the
10 workplace.

11 And my question for you, particularly
12 as we know that many black and brown workers
13 are also front line workers, they have been
14 faced with the pandemic as essential workers
15 but are not often paid essential pay or
16 treated at essential workers.

17 What work are we doing to support
18 black and brown workers in Pennsylvania?
19 Particularly are there any initiatives within
20 the Back to Work PA program that the governor
21 proposed that will address some of these
22 disparities that we see in the black and brown
23 workers across the Commonwealth?

24 ACTING SECRETARY BERRIER: Thank you
25 Representative.

1 And I think that's a very important
2 point that you bring up. As you say,
3 historically, Pennsylvania has the
4 third-highest rate, unemployment rate, for
5 black Americans. And that's completely
6 unacceptable. And they were also affected the
7 most during this pandemic, along with Hispanic
8 American workers as well.

9 You know, the governor's Back to Work
10 PA acknowledges that we need to do better.
11 So, part of that is digital literacy. We
12 understand that in rural and disadvantaged
13 areas, individuals might not have the digital
14 skills that they need to get the jobs that pay
15 well, that earn family-sustaining wages.

16 What we're doing with Back to Work
17 PA, for example, we just recently released a
18 NGA for digital literacy grant to create a
19 hundred digital labs within desert areas,
20 digital literacy desert areas, so that
21 individuals can get the help that they need,
22 so that they can get the skills that they need
23 to get the jobs that pay well. So, that's
24 just one portion of it. But we are very
25 conscientious to that, and we will do whatever

1 we need to do to make sure that we are not
2 third-highest unemployment rate for black
3 individuals.

4 REPRESENTATIVE BULLOCK: Are there
5 any other efforts that we can do to address
6 language access as well for some of our
7 workers who may have -- may not speak English
8 as a first language?

9 ACTING SECRETARY BERRIER:
10 Absolutely. And we are fully cognizant of
11 that as well. We do partner with individuals
12 that provide -- you know, who are -- you know,
13 that speak other languages to provide services
14 at our career links, that are boots on the
15 ground with dealing with dislocated workers
16 and adults who are unemployed and also
17 juveniles who are unemployed as well.

18 So, we will continue to make sure
19 that we have the skills that we need to
20 address all parts of the population within
21 Pennsylvania by making sure we have the
22 resources at our career links.

23 REPRESENTATIVE BULLOCK: And lastly,
24 have you done any analysis on how increasing
25 the minimum wage will improve the lives of

1 black and brown workers across the
2 Commonwealth? How many of our workers that
3 work minimum wage are black and brown and
4 would that impact them?

5 ACTING SECRETARY BERRIER: You know,
6 I don't have the exact statistics with me, but
7 I would be happy to get them for you. I know
8 that some of the lowest wage workers in
9 Pennsylvania are actually women. And, you
10 know, we -- with increasing the minimum wage,
11 we anticipate raising the wages of 62 percent
12 of women who are currently earning low wages.

13 So, I can get further information on
14 demographics for you.

15 I will get that information for you
16 though. Thank you.

17 REPRESENTATIVE BULLOCK: Thank you
18 very much.

19 Mr. Chairman, no further questions.

20 MAJORITY VICE CHAIRMAN TOPPER: Chair
21 thanks the lady.

22 Madam Secretary, it has been our
23 policy, if you will, through these hearings
24 that if you would like to, over the course of
25 our breaks, since you will be reappearing this

1 afternoon, to gather some of the information
2 for members who've had questions that you've
3 not been able to, we will give you an
4 opportunity at the beginning of this
5 afternoon's session, to go over and answer
6 with some statistics that you needed to go
7 back and check on. So, we will provide that
8 opportunity, if you'd like to take that time
9 over the lunch break.

10 With that, the chair recognizes the
11 gentleman from Tioga, Mr. Owlett.

12 REPRESENTATIVE OWLETT: Thank you,
13 Mr. Chairman.

14 And thank you, Secretary, for being
15 here today.

16 I'm sure that you can sense the
17 emotions are high today. And why wouldn't
18 they be. These are real families who are
19 really struggling in all of our districts.
20 And we are the ones that have looked them in
21 the eye and tried to help them through this
22 painful process. So, emotions are high, but
23 it's for a very good reason.

24 A lot of us have helped out at food
25 pantries and food lines that we've seen

1 stretch up the sides of mountains in my
2 district for people that are hurting and
3 people that are hungry, and they need help.
4 And they've relied on this system that has
5 failed them. And we can do better.

6 And what I've heard today is
7 discouraging for me. Yesterday we heard a lot
8 of "we're having conversations about what to
9 do." Today I heard "looking at," "starting,"
10 "hoping that we will," "strategic plans," and
11 "hopefully going live this spring." We're
12 eleven months into this. We're talking about
13 ninety-two days to fix someone's problem.

14 How can you sit there and think in
15 any way, shape, or form that this is okay?
16 And this -- we have to do better. And it's
17 frustrating for me when I hear words like this
18 when we've been working at this for a long
19 time.

20 We've been making these phone calls.
21 Our staff have been doing a phenomenal job.
22 And they need to be added in that number.
23 That 1600-plus number, they needed to be added
24 into that, because they have been doing the
25 job of L and I in helping these people. Would

1 you agree to that?

2 ACTING SECRETARY BERRIER:

3 Absolutely, Representative.

4 REPRESENTATIVE OWLETT: They have
5 been helping serve the constituents of all of
6 our districts, and we need to give them the
7 credit that's due.

8 My question that I have revolves
9 around fraud, and you talked a little bit
10 about this. The ID.me program, there was an
11 article back in October -- September, October
12 from the Pittsburgh Post Gazette. I'm talking
13 about the amount of fraud that's happening in
14 the UC system.

15 Can you give us any idea a dollar
16 amount? You talked about how many cases.
17 Give us an idea on a dollar amount that we're
18 looking at as far as fraud here in
19 Pennsylvania.

20 ACTING SECRETARY BERRIER: Okay.
21 Representative, I'd first like to say that I
22 don't find it acceptable. We can do better,
23 and we will do better. And thank you to your
24 legislative staff for helping partner with the
25 department to get the word out to the

1 constituents. We owe them to do better, and
2 we will.

3 REPRESENTATIVE OWLETT: We have to do
4 better.

5 I'm just going to jump in there.
6 I've heard that a few times over the last two
7 and a half weeks, that we're hoping to do
8 better, conversations -- we need action. The
9 people of the Commonwealth want action. They
10 want to know what's happening, and they want
11 to know why it wasn't happening months ago.
12 So, I appreciate that. But we do action.

13 At some point, we have to stop having
14 the conversations. We have to pull the
15 trigger on some of this.

16 Like, so here's the deal. We landed
17 on Mars last week. We landed on Mars.
18 Craziness. Right? We're taking -- pictures
19 from Mars are coming back to us here.

20 And we have been working for fourteen
21 years to develop a system for unemployment.

22 Fraud. Dollar amount in fraud.

23 ACTING SECRETARY BERRIER: So, let me
24 begin by saying that many of these cases are
25 still with local law enforcement, still need

1 to be adjudicated. We have a system that
2 requires due process.

3 We don't have an exact figure yet or
4 an estimate, but ID.me catches the fraud
5 before it happens. So, that's really good.

6 Unfortunately, you know, we're
7 getting a better picture -- when we sent out
8 the 1099Gs at the end of 2020, we're getting a
9 better picture of what the fraud figure may
10 look like. We'll have a better accounting
11 once we do more investigations and also work
12 with law enforcement in getting those numbers
13 together.

14 I can speak that -- I know I did a
15 press conference with the attorney general's
16 office the other week, and there were twenty-
17 one individuals who were caught in a fraud
18 ring that they're prosecuting, and I believe
19 the amount was 20-some million dollars that
20 they --

21 REPRESENTATIVE OWLETT: I just want
22 to -- the fraud that's out there is
23 unbelievable. It's ridiculous. It's
24 despicable. These people -- I mean, it's
25 unbelievable. Come on. And it's holding up

1 the system to be able to help those who truly
2 are in need, and I recognize that. I get
3 that.

4 There was a majority leader in
5 another state who received a 9,000 dollar
6 check from Pennsylvania, tried to call our
7 line, couldn't get through, ended up actually
8 getting the 1099. These are just prime
9 examples. Did nothing, and it actually went
10 to a majority leader in another chamber in
11 another state. These are examples that are
12 out there that frustrate those that are trying
13 to get through the system legally. And I
14 appreciate any work that we can do to crack
15 down on this and anything possible would be
16 wonderful. Hopefully that stuff's in the
17 works to nail the bad actors.

18 But I'm out of time, but I appreciate
19 you being here.

20 And thank you, Mr. Chairman.

21 MAJORITY VICE CHAIRMAN TOPPER: Chair
22 thanks the gentleman and recognizes the
23 gentleman from Lehigh, Mr. Schweyer.

24 REPRESENTATIVE SCHWEYER: Thank you
25 very much, Mr. Vice Chairman.

1 Madam Secretary, Deputy Secretary,
2 thank you very much for being here.

3 Before I get started, I wanted to
4 once again thank you, Deputy Secretary, for
5 all your help when we had the United Auto
6 Workers strike over at Mack. Your help and
7 your leadership from the department was very
8 helpful to those workers. They have a great
9 settlement that includes a guaranteed-jobs
10 benefit, which is a huge win for the entire
11 Commonwealth of Pennsylvania. So, thank you
12 for all of your help.

13 My colleague from Delaware County,
14 Representative Krueger, had talked earlier
15 about the massive layoff of unemployment
16 compensation employees from, I believe it was,
17 2017. Eighty-seven of those employees worked
18 in my district, in Allentown. So, I know you
19 expanded before a little bit about the impact
20 on the bottlenecks that we have today, but
21 that horrible political decision that was made
22 at that time -- which I will speak only for
23 myself I know I was dead set against -- had
24 ramifications to this day.

25 Can you give us a minute or more

1 expanding upon how detrimental that was not
2 having that structure, that safety net for us
3 when a real crisis hit?

4 EXECUTIVE DEPUTY SECRETARY O'BRIEN:
5 Thank you for that question.

6 In 2016, regrettably, we had to
7 furlough approximately five hundred people
8 from the UC system.

9 MAJORITY VICE CHAIRMAN TOPPER: There
10 you go.

11 REPRESENTATIVE SCHWEYER: Thank you,
12 Representative Topper.

13 EXECUTIVE DEPUTY SECRETARY O'BRIEN:
14 Red means go? Thank you.

15 Here again, we had to furlough
16 approximately five hundred people in December
17 of 2016 from the UC system. We worked with
18 the legislature and the state senate. First
19 we got bridge funding in 2017, and then we got
20 Act 60 of 2017, which gave us approximately 80
21 million dollars over a four-year period for
22 the administration of the unemployment
23 compensation system.

24 Unfortunately, that number was
25 woefully short of what we needed and what we

1 requested. We requested 56 million dollars
2 for each of those years, we got 80 million.

3 We staffed up to the point that we
4 could with the 80 million dollars. We spread
5 it out over a four-year period so that we
6 would have stable employment.

7 Unfortunately, because of that low
8 funding, we were not able to reopen two of the
9 three call centers that we closed in December
10 of 2016. We reopened Altoona. We were not
11 able to reopen the Allentown call center and
12 we were not able to reopen the Lancaster call
13 center. And many of those folks were not
14 called back to work.

15 REPRESENTATIVE SCHWEYER: One of the
16 things that I noticed about the two call
17 centers that were not reopened, Allentown and
18 Lancaster, is that, in both cases, you have
19 higher minority populations there than you
20 would in Blair County. And as a result,
21 particularly for native Spanish speakers, you
22 had a whole lot of folks who already have
23 extraordinary difficulty navigating the system
24 in non-pandemic times, that now had fewer and
25 fewer people that they were able to

1 a history of disinvestment in the unemployment
2 comp system from the legislature, and now that
3 we know that we've got a history of
4 disinvestment from the unemployment
5 compensation system from the legislature that
6 particularly targets some of our most at-risk
7 communities, what is the department going to
8 be able to do moving forward? And I do want
9 to ask that we save thirty seconds because I
10 have an off-topic question to say at the very
11 end.

12 So, what is your plan moving forward
13 in terms of looking at staffing up for those
14 community that are most at risk?

15 ACTING SECRETARY BERRIER: Thank you,
16 Representative.

17 We are looking to be very strategic
18 in our hirings. You know, we are looking to
19 staff up to make sure that we service all
20 Pennsylvanians, and we are evaluating all
21 options of -- you know, these jobs don't
22 necessarily need to be done from bricks-and-
23 mortar buildings any longer. And we're also
24 taking that into consideration as well. You
25 know, this new world of COVID-19 has forced us

1 to look at different options and how we
2 conduct work. And it's also created
3 efficiencies and improvements.

4 So, you know, we're looking at, you
5 know, ways we can hire individuals in
6 Pennsylvania and not necessarily, you know,
7 have to serve someone in that exact location
8 where you're working. So, you know, we'll
9 continue to be mindful of the moneys that we
10 spent and the increased staffing that we do.

11 REPRESENTATIVE SCHWEYER: Thank you
12 very much. I appreciate that.

13 Now, real quick, at the very end,
14 there was a recent report about the question
15 of misclassification. It seems like your
16 investigations have dropped precipitously.
17 I'm going to ask that we step up those
18 investigation in 2021. It is an
19 extraordinarily important thing.

20 My time is up. I want to be
21 respectful of my colleagues. But I just
22 wanted to put a bug in your ear about that.

23 So, thank you both very much.

24 Thank you, Representative Topper.

25 MAJORITY VICE CHAIRMAN TOPPER: Chair

1 thanks the gentleman, recognizes the gentleman
2 from Wayne, Mr. Fritz.

3 REPRESENTATIVE FRITZ: Thank you
4 there, Mr. Chairman.

5 And good morning, Madam Secretary.
6 Pleased to see you.

7 Madam Secretary, it is estimated that
8 80 percent of the companies doing business in
9 Pennsylvania operate as pass-through
10 entities -- partnership or a sole
11 proprietorship -- and as such, the business
12 income of these entities flows through the
13 members, shareholders, and owners and is
14 reported on his or her individual tax return.

15 So, Madam Secretary, the significance
16 here and what I'll emphasize is that 80
17 percent of Pennsylvania businesses that file
18 taxes in this manner will see a considerable
19 tax increase, a tax increase of 46 percent.
20 It's critical to note that there are 1
21 million -- in fact, just over 1 million small
22 businesses in Pennsylvania. And those 1
23 million businesses employ nearly half of
24 Pennsylvania's workforce.

25 So, Madam Secretary, have you had

1 conversations with the governor about his
2 proposal to increase taxes by almost 50
3 percent, and, specifically, what the impact
4 will be on small businesses in Pennsylvania?

5 ACTING SECRETARY BERRIER: Thank you,
6 Representative, for your question.

7 I know that the governor is having
8 those conversations with the Department of
9 Revenue. I cannot speak to any further
10 conversation.

11 REPRESENTATIVE FRITZ: Well, really
12 what I want to shine the light on is that
13 oftentimes people think that we are on an
14 island. And we're not; there's forty-nine
15 other states that we can compare data with and
16 we can look at historically what happens when
17 there is a massive tax increase and the
18 negative impact that that has, Madam
19 Secretary, on businesses. And we would hope
20 that the administration, the governor, has
21 people around him that provide a sobering
22 input and reflection of those realities.

23 Furthermore, Madam Secretary, if you
24 plopped any one of my 63,000 constituents and
25 placed them right here, right now at this very

1 microphone, this is what they'd express. They
2 would speak to the fact that they feel that
3 policy-makers are simply disconnected from
4 them, that government leaders live and think
5 as though they are from a different universe
6 socioeconomically. You tax from the risk
7 (sic), the uncertainty, and the anxiety that
8 those in the private sector honestly feel.

9 They would further communicate that
10 they are frustrated with government in the
11 ever-too-frequent presence and control over
12 their lives.

13 And here's where I'm going with this,
14 Madam Secretary. You are new to your role.
15 You are going to have the ability to place
16 your stamp on this agency. And I ask that you
17 use your powers for good, for the good of the
18 average Pennsylvanians, that we understand the
19 everyday circumstances of our residents and
20 craft policy and provide services -- provide
21 services -- that restores faith amongst our
22 shared constituents.

23 I will stand down with that. I thank
24 you for your time. And I thank you for being
25 here today.

1 Thank you, Mr. Chairman.

2 MAJORITY VICE CHAIRMAN TOPPER: Chair
3 thanks the gentleman, recognizes the lady from
4 Philadelphia, Ms. Cephas.

5 REPRESENTATIVE CEPHAS: Thank you,
6 Mr. Chairman.

7 And good morning, Secretary. How are
8 you?

9 ACTING SECRETARY BERRIER: Good
10 morning.

11 REPRESENTATIVE CEPHAS: So, as many
12 of my colleague have stated already, the
13 inability to access benefits through the UC
14 system has been a tall order, has been
15 extremely frustrating. Not only is your staff
16 overburdened, your staff is overburdened, and
17 I'm sure many of my colleagues have received
18 personal phone calls where we've had to
19 educate our own selves with the system in
20 order for people to get access.

21 The challenges when individuals
22 aren't able to access UC benefits, we see
23 longer lines at our food pantries. We see a
24 greater reliance on other social safety nets.
25 We see the inability of people to be able to

1 pay for child care. We see essentially
2 increased need for rental and mortgage
3 assistance. Essentially what it does is, it
4 shifts the burden over to other systems, when
5 one system is not working in government.

6 So, I'd like for you to talk to how
7 any federal resources that are coming into
8 your department are being used to fix the
9 challenges that our system is currently
10 having. Can you speak to that?

11 ACTING SECRETARY BERRIER: Yes.
12 Thank you, Representative.

13 You know, as I stated previously, the
14 federal CARES Act required the department to
15 set up five new federal programs. With that
16 came additional COVID-19 funding relief that
17 we actually use to run those programs as well.
18 So, you know, those moneys pay for our
19 staffing, our materials, our IT services that
20 we have, any platforms that we run to conduct
21 business.

22 Also, you know, there's some other
23 relief that was provided in the federal CARES
24 Act, such as to nonprofits and state and local
25 governments as far as reimbursing, you know,

1 their, you know, contributions to -- the
2 reimbursed expenses to the UC fund.

3 So, you know, it's a global effort
4 within state government. I know that we have
5 also partnered with DHS and the Department of
6 Agriculture in getting out the word on other
7 types of assistance that are available. And I
8 know that the governor has worked quickly to
9 allot more moneys to those programs so that
10 individuals who need food can get food,
11 individuals that need assistance with child
12 care can do that as well. And the governor
13 will still continue to work to improve those
14 services, along with the UC service, to make
15 sure that individuals aren't suffering.

16 REPRESENTATIVE CEPHAS: So, from your
17 perspective, if resources weren't an issue,
18 what would you want to see to help most
19 improve your system that you can't afford to
20 do now?

21 ACTING SECRETARY BERRIER: So,
22 Representative, you know, this is not a
23 problem that we can throw money at. This is a
24 problem where we need experienced staff to be
25 able to process claims within our unemployment

1 compensation system.

2 So, you know, we are working on
3 training. We've streamlined our training.
4 We're also looking at our business processes,
5 to cut waste. You know, we're hiring a
6 dedicated lean resource so that we can figure
7 out better ways to get money quicker into the
8 hands of claimants who desperately need it.

9 You know, nothing's off the table.
10 We're meeting with vendors over new
11 technology. You know, the federal government
12 has been really good about funding any
13 initiatives that we have undertaken.

14 So, we look forward to continuing to
15 partner with the federal government in making
16 sure that we can provide better service to
17 Pennsylvanians.

18 REPRESENTATIVE CEPHAS: Fantastic.
19 Because we're not -- we don't really see the
20 end of -- the light at the end of the tunnel
21 just yet. So, we are going to be
22 significantly relying on the system for us to
23 get it right, to be able to connect people
24 because, again, when one system isn't working,
25 it just essentially shifts the burden over to

1 other systems, and they then themselves get
2 overloaded.

3 Shifting to another topic, as you
4 stated earlier, Pennsylvania being one of the
5 leading states with the highest unemployment
6 rate for black and brown communities, there
7 also was a study recently released by the
8 National -- the National League of Women that
9 talked about 2.2 million women leaving the
10 workforce during this -- during COVID-19. As
11 we look at the industries that have been
12 impacted by this pandemic, some have, you
13 know, not only survived but also have thrived
14 in this environment, but also some industries
15 won't be returning.

16 I want to hear from you, as we look
17 to get additional federal resources to invest
18 in workforce development training, what's your
19 strategy going to be around investing in
20 training programs that will work with the
21 industries that will be surviving and --
22 essentially survive after this pandemic?

23 ACTING SECRETARY BERRIER: Thank you,
24 Representative.

25 And I'm really glad that you brought

1 that up. I mean, women have been leaving the
2 workforce to take care of children. They're
3 bearing the brunt of this pandemic and staying
4 home with children, sacrificing their careers.
5 Unemployment rate for women is higher than men
6 in Pennsylvania, and that's unacceptable.

7 You know, we realize that the future
8 of work coming out on the other side of this
9 pandemic is going to look different. Low-wage
10 jobs are at risk of automation. So, we have
11 to make sure that we upskill, do rapid
12 credentials for individuals who are
13 dislocated, who are unemployed, who do lose
14 their jobs through automation, to make sure
15 that we're connecting them with the
16 appropriate industries that provide actual
17 careers and pathways to the middle class.

18 So, that's what we're solely focusing
19 on right now. We make sure that we check in
20 frequently with our Center for Workforce and
21 Information Analysis. I know our career links
22 and our local workforce development boards
23 routinely receive information with them so
24 that they can look at that data within their
25 individual areas and make adjustments with the

1 employers in their area and their training
2 needs. And we assist them in any way possible
3 to help achieve that as well.

4 REPRESENTATIVE CEPHAS: Thank you,
5 Secretary.

6 Thank you, Chairman.

7 MAJORITY VICE CHAIRMAN TOPPER: Chair
8 thanks the lady and recognizes the gentleman
9 from Chester, Mr. Lawrence.

10 REPRESENTATIVE LAWRENCE: Thank you,
11 Mr. Chairman.

12 And thank you for being here today.

13 I wanted to follow up briefly with
14 regard to the question that my colleague,
15 Representative Fritz, had just asked. He had
16 asked if the governor had discussed the
17 proposed increase -- his proposed increase in
18 the income tax with you. And it seemed to me
19 that your answer was that he had not. I just
20 wanted to give you the opportunity to clarify
21 that.

22 Is that correct?

23 ACTING SECRETARY BERRIER: So,
24 Representative, you know, I have been a part
25 of the Back to Work PA plan in the governor's

1 budget address. As far as speaking through
2 the specifics as far as the tax increase,
3 that's not something that I have been privy to
4 those internal conversations and those impact
5 studies, but I do receive information.

6 REPRESENTATIVE LAWRENCE: That really
7 surprises me. I mean, I'm never going to be
8 governor of Pennsylvania, but if I was, I
9 think the first person I would talk to about a
10 proposed 46 percent income tax hike would be,
11 you know, my cabinet secretary in the Labor
12 and Industry department.

13 The question I wanted to ask was, an
14 article in Spotlight PA -- and we've talked
15 about fraud here today. The article went into
16 the fraud quite a bit. And it brought up this
17 issue that people are receiving inaccurate tax
18 forms. They might have been victims of fraud.
19 It might be that the UC system made a mistake.
20 There's ten of thousands, maybe hundreds of
21 thousands of Pennsylvanians who are affected
22 by this.

23 The article states, quote, The state
24 has advised people with inaccurate tax forms
25 to simply ignore them when filing their taxes,

1 and has promised to eventually send corrected
2 forms, end quote.

3 Now, I know this article's correct
4 because I've had constituents tell me that
5 your department has told them the exact same
6 thing.

7 Now, in my view, that's terrible
8 advice. With tax day six weeks off, what
9 should constituents, people in Pennsylvania do
10 who have received these incorrect tax forms?

11 ACTING SECRETARY BERRIER: Thank you,
12 Representative.

13 And just to backtrack a little bit.
14 The governor has discussed with his cabinet
15 members all of his plans contained in his
16 budget, so there have been discussions.

17 To follow up on the tax fraud and the
18 1099Gs, that information is a bit incomplete.
19 So, we do have a resource account that
20 individuals are to send the 1099G to as well
21 as a physical address as well.

22 Regarding the guidance to ignore the
23 1099G, this is the process that happens. The
24 individual sends us their 1099G, we open up an
25 investigation within our IAD unit, Internal

1 Audits Unit, and we partner with local law
2 enforcement to continue that investigation.

3 We've been in contact with the IRS,
4 and the guidance that the IRS has given us to
5 give to claimants is that if -- they are to
6 only report the income that they did earn and
7 not to report the erroneous 1099G. So, we are
8 following the guidance that we received from
9 the IRS, which is also located on the IRS's
10 website.

11 REPRESENTATIVE LAWRENCE: So, you
12 mentioned that the process is that an
13 investigation is going to be launched and
14 folks are supposed to send their forms in.
15 And I'm sure you would agree with me that that
16 process has a great deal -- it's very
17 difficult for many constituents to comply with
18 every little bit, cross every "T" and dot
19 every "I" on that process.

20 How long would you anticipate those
21 investigations to take? I mean, as I said, I
22 suspect there are hundreds of thousands of
23 Pennsylvanians affected by this. We're not
24 going to come close to addressing these issues
25 by April 15th.

1 ACTING SECRETARY BERRIER: Thank you,
2 Representative.

3 And you're right, this is a national
4 issue. So, this is something that we're
5 dealing with on a federal level that the IRS
6 is also dealing with on a federal level.

7 I can't tell you how long these
8 investigations are going to take because each
9 investigation is fact-specific. We rely on
10 interviews, on additional facts that we may
11 gather throughout the course of our
12 investigation, and it also may depend on local
13 law enforcement and also our federal partners
14 as well.

15 So, this is new territory, and we're
16 trying to navigate it as best as we can, with
17 coordination from law enforcement and the
18 federal government.

19 REPRESENTATIVE LAWRENCE: So, I would
20 encourage you -- and I appreciate that you've
21 had conversations with the IRS, and, frankly,
22 I had not heard, I think that's very
23 interesting. I would encourage you to post
24 something on your website and make it widely
25 available to PICPA, the Pennsylvania CPA's

1 Association. I would get guidance in writing
2 from the IRS that can be provided to
3 accountants and to people in Pennsylvania,
4 because this is an issue that they're going to
5 have to address.

6 I'd like to ask one more question,
7 Madam Secretary. And we've heard it here even
8 today about some past budgets that have been
9 passed here in the Commonwealth. I've heard
10 many times, you know, that a budget proposal
11 is a document that shows its author's
12 priorities.

13 So, Governor Wolf's budget proposal
14 basically level funds your department. I
15 think it includes a 65,000-dollar increase to
16 your line item, which, I mean, I guess that's
17 enough for one more full-time hire.

18 Given the calamity that your
19 department is facing with the unemployment
20 compensation tsunami, do you think Governor
21 Wolf's budget proposal is sufficient for your
22 department?

23 ACTING SECRETARY BERRIER: Thank you,
24 Representative.

25 And I think this is a good time -- a

1 very good time for us to point out that 94
2 percent of our budget is federally funded.
3 So, out of our 1.351-billion-dollar budget,
4 1.272 billion are federal funds and only 79
5 million are actually state funds.

6 Concerning unemployment compensation,
7 we are funded by the federal government, by
8 DOL, and we have to fully expend all federal
9 funds before we can hit any kind of state
10 funds. There's two accounts that we could
11 potentially hit if we need to tap into state
12 funds, and that's the special administrative
13 fund, also there are some SIIF moneys as well.
14 And there's also, potentially, the Reed Act
15 money that we could look into tapping into.
16 So, there are other avenues to try to get
17 additional moneys for UC that's not
18 necessarily required in the governor's budget.

19 REPRESENTATIVE LAWRENCE: I'm out of
20 time. Thank you, Mr. Chairman.

21 MAJORITY VICE CHAIRMAN TOPPER: Chair
22 thanks the gentleman.

23 This will be our last questioner,
24 Secretary, before we break for our lunchtime.
25 So, we will go ahead and recognize the

1 gentleman from Philadelphia, Mr. Brown.

2 REPRESENTATIVE AMEN BROWN: Thank
3 you.

4 And welcome, Madam Secretary.

5 Last week the House Labor and
6 Industry Committee hosted a hearing with the
7 Department of Labor and Industry and other
8 stakeholders to provide an overview of
9 unemployment compensation legislation coming
10 to our chamber for a vote soon. During that
11 hearing, a lot of important information was
12 revealed about why the department had such a
13 difficult time administering its UC programs.

14 Over and over again, we heard that
15 the problem stemmed directly from the
16 legislature's continued failure to fully fund
17 our UC programs, even before COVID
18 unemployment increases.

19 Just like everyone else, my
20 colleagues here, we all still have
21 constituents consistently calling our offices,
22 trying to desperately get ahold of your
23 department to get their UC issues resolved.
24 Like several of us here, we're about
25 solutions, and as a collective, we need to

1 figure out a way to address -- to address this
2 issue so that we can provide adequate services
3 to our constituents.

4 Madam Secretary -- and also it is
5 important to us that we are supporting you all
6 to ensure that these operations are running
7 smoothly.

8 So, my first question is, what is
9 a -- what is logistically needed to address
10 this problem to improve effectiveness?

11 ACTING SECRETARY BERRIER: Thank you,
12 Representative.

13 And that was a very engaging and
14 helpful hearing that we did have last week
15 before the House Labor and Industry Committee.
16 The department hasn't (sic) been in
17 discussions with Chairman Mullery and also
18 Chairman Cox on legislative solutions to
19 streamline the UC process moving forward.

20 The department is advocating for
21 passage of House Bill 549, which is sponsored
22 by Chairman Mullery, that would eliminate some
23 problematic issues that pop up during the
24 course of an unemployment compensation claim
25 that would help streamline our customer

1 service and also help us to provide better
2 customer service to our claimants, including
3 eliminating the waiting week, also improving
4 our shared work program, also improving UC
5 trust fund solvency, and also eliminating
6 credit weeks.

7 So, you know, those are just some
8 spoilers as to efforts that the department
9 support to streamline UC.

10 REPRESENTATIVE AMEN BROWN: Okay.
11 Thank you.

12 Second question, what can we do as a
13 legislature -- excuse me -- what can we do as
14 the legislature to support you in your efforts
15 to train your team or your staff to resolve
16 these issues?

17 ACTING SECRETARY BERRIER: Thank you,
18 Representative.

19 And, again, I just have to reiterate,
20 your legislative staff has been wonderful in
21 partnering with our staff and getting us
22 through this -- this global pandemic of
23 unprecedented -- you know, unprecedented
24 times.

25 You know, what we need is your

1 support in making sure that we're streamlining
2 UC processes. You know, we're trying to
3 hire and bring on board folks as quickly as we
4 can. You know, it's up to us to train our
5 folks and to hire. I mean, it would be nice
6 to have some flexibility with SIIF funds.
7 We're not currently able to -- we're beginning
8 those discussions. However, we need to see
9 what we get from this economic stimulus
10 package before we can move further on SIIF
11 fund discussions. But that could be a
12 potential help to what you folks could help
13 the department with.

14 REPRESENTATIVE AMEN BROWN: All
15 right. Thank you.

16 MAJORITY VICE CHAIRMAN TOPPER: The
17 chair thanks the gentleman.

18 At this time, we will break. We do
19 plan to return here on the floor to continue
20 with our questioning at 1 o'clock.

21 And, again, Madam Secretary, if there
22 are any issues that are outstanding that you
23 are able to find over the next hour, we will
24 give you that opportunity at the beginning of
25 our next session to go over those.

1 With that, this meeting is adjourned
2 until 1 o'clock. Thank you.

3 (Whereupon, the lunch break was taken
4 from 11:53 a.m. to 1:05 p.m.)

5 MAJORITY CHAIRMAN SAYLOR: Okay. We
6 are getting ready to start here. Our first
7 questioner is Representative James.

8 Representative James, let me
9 interrupt a second.

10 Madam Secretary, did you have
11 something you wanted to finish up on, any
12 questions that were unanswered last -- earlier
13 this morning?

14 ACTING SECRETARY BERRIER: Yes,
15 Mr. Chairman. I do have additional
16 information.

17 MAJORITY CHAIRMAN SAYLOR: Go ahead
18 and proceed.

19 ACTING SECRETARY BERRIER: Okay. I
20 just want to revise an earlier statement I
21 made about child care and eligibility within
22 the regular UC system. Under limited
23 circumstances, individuals who have child care
24 issues during the pandemic have been eligible
25 for UC. It's a little bit stricter. Under

1 PUA, the guidelines are a little bit more
2 clear. So, I just wanted to clarify that.

3 Also, I know that I was doing some
4 back-of-the-envelope math with regards to how
5 many UC and PUA claims we have and what their
6 statuses are. So, to provide better
7 information to your members, I just want to
8 give you the statistics that we have as of
9 today so we can be as helpful as possible in
10 painting a picture on what our system looks
11 like.

12 So, to date, we've had 2.43 million
13 initial claims filed for -- under the
14 traditional UC system. We have paid 1.18
15 million of those claims. 568,331 were found
16 to be not eligible for a variety of reasons,
17 perhaps they were on the wrong program. And
18 then we have 251,302 who stopped filing or for
19 various reasons did not complete their claim.
20 And we currently have 44,410 that are pending
21 resolution and have not received payment. So,
22 that is the status of our UC -- our
23 traditional UC program.

24 Under the PUA program, we have 2.5
25 million individuals who filed initial

1 applications. We paid 1.22 million of those
2 individuals PUA. We have 787,000 where they
3 were identified as fraud or there was no
4 response to our contractor, ID.me, for
5 identity verification. We also have 394,000
6 that failed Social Security authentication for
7 their IDs. and the remainder of those are
8 pending claims that are awaiting adjudication.

9 Someone earlier asked for a breakdown
10 of what we've paid out under each program.
11 Under traditional UC, we paid 7.1 billion;
12 under the PUA program, we paid 8 billion;
13 under the lost wages assistance program, we
14 paid 1.9 billion. Under the federal pandemic
15 unemployment compensation, which is the
16 additional money, we paid 18.2 billion. Under
17 extended benefits, we've paid 433 million.
18 And under the Pandemic Emergency Unemployment
19 Compensation program, we paid 1.7 billion.

20 Also, to follow up on a minimum wage
21 question and how it affects people of color,
22 people of color make up 23 percent of the
23 workforce. Raising the minimum wage would
24 directly benefit 29 percent of those
25 individuals, which approximates to 395,000

1 individuals in Pennsylvania.

2 Regarding the business shutdowns, our
3 Center for Workforce Information and Analysis
4 does not collect that information. We collect
5 more employee-driven information, and we
6 collect that from the federal Bureau of Labor
7 Statistics, and also we collect that
8 individual data from our unemployment
9 compensation data. Again, this information is
10 employee-driven, so we don't have a number of
11 the number of business shutdowns. Also, I
12 don't know if it would be fair to calculate
13 that at this point because we don't have a
14 full picture of the year as well.

15 Concerning revenue loss in
16 Pennsylvania, again, we do not have in-house
17 capability to estimate potential revenue loss
18 in PA. That's not information we collect.
19 However, I can tell you that this past year,
20 we have had 402 WARN notices filed, effecting
21 70,000 workers. We've actually sent out our
22 rapid response team to each of those locations
23 so that they could speak with affected workers
24 about training opportunities and future
25 potential employment opportunities as well.

1 And also we've utilized our Trade
2 Adjustment Act program as well, where
3 applicable and these jobs were affected by
4 foreign trade. It's been a very successful
5 program, and, you know, we also utilize those
6 efforts as well.

7 As far as state GDP, we're waiting on
8 fourth quarter information from the federal
9 Bureau of Economic Analysis before we can take
10 a look at the loss of state GDP funds during
11 this pandemic.

12 So, that is the follow-up
13 information. I believe that concludes all the
14 questions that were left unanswered in the
15 previous session.

16 MAJORITY CHAIRMAN SAYLOR: Madam
17 Secretary, just a quick question. On the ones
18 that you talked about the Social Security
19 numbers being not correct, do you know if any
20 of those -- or how many of those were possible
21 fraud and how many were somebody who might
22 have transposed numbers one way or the other?
23 Did we follow up on those? Do you know?

24 ACTING SECRETARY BERRIER: So, my
25 understanding of how this works is that when

1 individuals file claims through our UC or our
2 PUA system, that information goes directly to
3 the Social Security Administration so that
4 they could -- they actually verify that; we
5 don't even touch that. And then they come
6 back and say whether the person has verifiable
7 information or not.

8 So, any issue with that actually
9 lies -- any issues lie with the Social
10 Security Administration, and there's not
11 any -- there's really nothing we can do to
12 correct those issues.

13 MAJORITY CHAIRMAN SAYLOR: How are
14 those individuals -- are those then mailed
15 notices that their Social Security numbers are
16 not accurate? Is that what happens?

17 ACTING SECRETARY BERRIER: Yes, they
18 are provided notification that that's where
19 the claim failed.

20 MAJORITY CHAIRMAN SAYLOR: Okay.
21 Thank you.

22 ACTING SECRETARY BERRIER: Thank you.

23 MAJORITY CHAIRMAN SAYLOR: With that,
24 Representative James is recognized.

25 REPRESENTATIVE JAMES: Thank you,

1 Mr. Chairman.

2 Good afternoon, Madam Secretary.

3 A couple of budget questions for you.

4 I'd like to start with a comment here.

5 The governor's proposed budget for
6 the next fiscal year level funds your transfer
7 to the Office of Vocational Rehabilitation at
8 47.9 million. And back in 2019, OVR
9 effectively started a waiting list for OVR
10 customers. On February 1st -- February 1st,
11 2020, the agency began moving at least 2200
12 customers off that waiting list -- very
13 good -- with a priority to eligible customers
14 who have been on the list for a very long
15 time.

16 Can you tell us how many customers
17 remain on that list and what is the current
18 status?

19 ACTING SECRETARY BERRIER: Sure.

20 Thank you, Representative.

21 During the pandemic, we have actually
22 released the order of selection four
23 additional times during this past year,
24 serving 13,942 individuals with disabilities.
25 Currently, I believe we have 3700 individuals

1 with disabilities on the order of selection.
2 Our plan -- we actually evaluate that list
3 biweekly, and, you know, we're looking to do
4 it on a rolling basis. So, once we have cases
5 where we're able to provide services, we'll
6 take a few people off the list. And, you
7 know, our hope is really to do away with the
8 list altogether.

9 REPRESENTATIVE JAMES: Right. That's
10 a significant portion of your budget. So, I
11 wanted to get to the bottom of that one.

12 And you answered my second question,
13 so I'm going to move to my third. Recently
14 I've been introduced to a term with which I
15 was not familiar called "labor trafficking."
16 And apparently this is prevalent in
17 construction and agriculture in particular,
18 where, by my definition, a midnight crew comes
19 in at something considerably under prevailing
20 wage and gets a lot of the work done, voilà,
21 the real crew comes in Monday morning and half
22 the deal is done.

23 I can understand why this might be
24 popular with certain folks in the construction
25 business, but I believe the net result is it

1 affects the wage taxes, which we are
2 rightfully entitled to, and also helps out the
3 employer with workmen's comp and unemployment
4 comp payments, which he or she would be due as
5 well.

6 Can you explain a little bit about
7 this and what enforcement efforts you're
8 making to curtail it?

9 ACTING SECRETARY BERRIER:
10 Absolutely. Thank you.

11 I like to refer to this as tax fraud
12 because it is defrauding the Commonwealth of
13 tax, and it's also taking away protected
14 rights of workers. So, it's all-around a bad
15 situation.

16 We have two acts that directly impact
17 this type of work. The first one is the
18 misclassification of workers, where
19 individuals are misclassified as independent
20 contractors. A lot of times, these
21 situations, those contractors are
22 misclassified, the vulnerable workers, as
23 independent contractors.

24 A To date, I do have some statistics as
25 far as collections. We recently just issued

1 our Act 72 report, which, you know, gives an
2 overview of our administration of that act.
3 But as of 2020, we had 192 cases. We also
4 collected 324,000 dollars in fines. It's a
5 little bit of a dip from last year, but, you
6 know, the COVID-19 pandemic did have a little
7 bit of an effect on our ability to do job site
8 visits because of the safety of our employees.

9 Another act that was recently passed
10 I believe this past October was the
11 e-verification of construction employees.
12 It's my understanding that, to date, we have
13 received three formal complaints under that
14 act, which we have investigated. The first
15 one being not even applicable because it was
16 an out-of-state employee and contractor, so it
17 wasn't even a Pennsylvania case. And the
18 other two being anonymous, being complaints
19 where the workers were not named, so it made
20 it very difficult for us to be able to
21 investigate the case. So, we did send
22 educational letters to the contractors,
23 letting them know what their duties are and
24 how they could be penalized under the act.

25 I have to admit, especially since I

1 oversaw this area for many years, it's very
2 difficult to catch these bad contractors in
3 the act. You know, they're -- like you said,
4 they're fly-by-night, a lot of time they're
5 out-of-state contractors. And a lot of times
6 these claimants aren't willing to come forward
7 for fear of, you know, essentially being
8 ejected from the country, various other
9 factors.

10 REPRESENTATIVE JAMES: May I ask if
11 you have your own enforcement group or do you
12 work with the Pennsylvania State Police or who
13 does this for you?

14 ACTING SECRETARY BERRIER: So, we
15 have our Bureau of Labor Law Compliance, which
16 actually enforces twelve other labor laws
17 within Pennsylvania. We are small but mighty.
18 We have approximately twenty-seven statewide
19 investigators who administer and enforce
20 thirteen labor laws.

21 REPRESENTATIVE JAMES: Okay. Very
22 complete answer. Thank you.

23 Thank you, Mr. Chairman.

24 MAJORITY CHAIRMAN SAYLOR: Our next
25 questioner is Representative Patty Kim.

1 REPRESENTATIVE KIM: Good afternoon,
2 Madam Secretary. Thank you for being here
3 along with your team.

4 I want to direct my comments and
5 questions to the minimum wage proposal in the
6 governor's budget. His proposal and my bill
7 would raise the minimum wage to 15 dollars an
8 hour over a six-year span. It would be a
9 gradual increase so that businesses can adjust
10 accordingly. It's a much-needed, long-overdue
11 boost for workers not only in my district but
12 in rural and suburban areas.

13 Raising the 7.25 floor would put us
14 in line with the rest of the surrounding
15 states. Representative Davis mentioned this
16 earlier, but looking at other places, rural
17 states like Arkansas voted to raise its
18 minimum wage. In Arkansas, it's 11 dollars an
19 hour.

20 We have the opportunity to do the
21 same with this budget.

22 Secretary, what's the biggest impact,
23 in your view, that you see for Pennsylvanians
24 if we raise the minimum wage?

25 ACTING SECRETARY BERRIER: I think

1 the biggest impact is putting 4.4 billion
2 dollars into the hands of workers, and, you
3 know, also there are some tax revenues that
4 could be generated as a result of raising the
5 minimum wage. Raising it to 12 dollars an
6 hour would put 116 million dollars into our
7 tax coffers. Raising it to 15 dollars an hour
8 would put 320.6 million dollars into our tax
9 coffers.

10 But, more importantly, it would lift
11 individuals out of poverty, individuals who we
12 see working at our grocery stores, like my
13 mom, individuals we see working at gas
14 stations, individuals who are caring for our
15 sick and our elderly, individuals that are
16 struggling to put food on the table and pay
17 for their rent or mortgage.

18 REPRESENTATIVE KIM: Thank you for
19 that answer.

20 My bill would also enhance
21 enforcement of wage loss. I know that you had
22 some experience in that. Could you tell me
23 what you've seen and what are some of the
24 challenges in terms of enforcement?

25 ACTING SECRETARY BERRIER: With

1 minimum wage, it's challenging because there's
2 not really any penalty other than to pay the
3 worker. So, you know, during my experience,
4 we've seen a number of employees who we term
5 repeat customers, you know, whereas under the
6 federal Fair Labor Standards Act, you know,
7 they're able to -- the federal government is
8 able to fine employers three times what
9 they're owed to their workers under the FLSA.

10 We don't have that kind of teeth
11 under the Minimum Wage Act. They pretty much
12 just have to make the employees whole again
13 and they get to move on their merry way. So,
14 you know, if they don't get caught, you know,
15 no skin off their back. But if they do get
16 caught, then they have to pay what they were
17 already required to pay anyway. It's a smack
18 on the wrist.

19 REPRESENTATIVE KIM: Do you have
20 enough workforce or ability to enforce if we
21 did beef up the laws?

22 ACTING SECRETARY BERRIER:
23 Admittedly, like I said, the same bureau that
24 enforces the e-verify and also the
25 Construction Misclassification Act also

1 enforce the Minimum Wage Act for the
2 Commonwealth. We are small but mighty, but we
3 are -- you know, we're trying to be very
4 strategic about what we do and get the most
5 bang for our buck; however, our folks are
6 stretched thin, and, in the future, we'd like
7 to increase our resources to be able to
8 provide them with the tools that they need to
9 serve all Pennsylvanians and protect their
10 rights under our labor laws.

11 REPRESENTATIVE KIM: Thank you,
12 Secretary.

13 I'm just going to end with this
14 comment. You know, someone once said that
15 poverty is not a character issue; it's a
16 lack-of-cash issue. And putting more money,
17 as you mentioned, in the hands of low-wage
18 workers will pull people out of poverty and
19 put money back in the economy. Essential
20 workers played their part during this
21 pandemic. Let's raise the wage floor and
22 support them and their families.

23 Thank you so much for being here,
24 Secretary. Appreciate your time.

25 ACTING SECRETARY BERRIER: Thank you,

1 Representative.

2 MAJORITY CHAIRMAN SAYLOR: Next is
3 Representative Keith Greiner.

4 REPRESENTATIVE GREINER: Thank you,
5 Mr. Chairman.

6 And thank you, Madam Secretary, for
7 being here today.

8 I am -- I know this morning was a
9 tough morning, certainly frustrating for our
10 offices, talking about the micro issue. I
11 want to speak about macro.

12 I kind of get frustrated when we talk
13 about raising the minimum wage when we're not
14 doing much in this Commonwealth about creating
15 jobs. I think that's where the real issue
16 should be, and that's what I wanted to kind of
17 touch base on.

18 So, I read through your release on
19 December of 2020, talking about employment,
20 and these COVID shutdowns have -- clearly have
21 diversely impacted our economy. No question.
22 And I think our shutdowns were more onerous
23 than most states in this country. I think
24 most people, at least in my area, would agree
25 with that.

1 The Pennsylvania unemployment rate
2 stands at 6.7 percent for December, that's 40
3 basis points higher than the national average
4 of 6.3. One of my colleagues this morning, I
5 knew you had mentioned this -- the report that
6 I read said it was 475,000 jobs, I know you
7 had mentioned about a half a million, and that
8 was over the last twelve-month period, and,
9 obviously, due to the shutdowns.

10 And then on top of it, our reopening
11 process has just been too slow, in my mind, I
12 think in a lot of people's minds. We need to
13 get open.

14 What is also concerning is the
15 civilian labor force, which shrunk by 3.9
16 percent over the past, you know, as compared
17 to 2.4 percent for the national average.

18 In review of the governor's proposed
19 budget, going back to what I said, I would
20 think that the governor -- and I would think
21 it should be a priority of his to address the
22 shortfalls in our economy. However -- and
23 I've been speaking about this for the last two
24 and a half weeks. He seems to want to tax
25 small business even more, with small

1 businesses the economic driver in this state.
2 So, I think that's -- to me, that's really
3 problematic.

4 And then he talks about the, you
5 know, natural gas extraction tax, which
6 somehow people forget we already have a tax
7 called an impact fee. And then, of course,
8 what I just said before, he's talking about a
9 drastically higher minimum wage. I mean, all
10 those three I think are detrimental to us
11 being competitive to other states around us.

12 And I guess I want to ask you, where
13 do you think Pennsylvania needs to be in order
14 to grow our economy? I mean, we really do
15 need to grow. We have a lot of -- our people
16 are awesome here in Pennsylvania. Our
17 greatest asset is our people, and our people
18 want to work. And I know my people in
19 Lancaster County want to work. I know they do
20 in Pittsburgh. I know they want to do in
21 Philly. And I think we have a special
22 Commonwealth.

23 So, what I want to know is what are
24 we going to do to re-grow our economy, and
25 then, specifically, to the regulations that we

1 have in this Commonwealth, and then, of
2 course, the taxation issues.

3 ACTING SECRETARY BERRIER: Thank you,
4 Representative.

5 That is a very robust question. And
6 I can speak to, you know, the efforts or the
7 role that the Department of Labor and Industry
8 plays.

9 You know, concerning the minimum
10 wage, you know, when was the right time to
11 raise the minimum wage? Because certainly
12 last year, when the economy was booming and we
13 had the lowest unemployment rate that we've
14 ever seen, that wasn't the time to raise the
15 minimum wage. So, when is the right time?
16 Now's the right time. We need to put money
17 into the hands of workers, increase their
18 spending power, so that they can --

19 REPRESENTATIVE GREINER: I wasn't
20 talking about the minimum wage. I'm talking
21 about how are we getting people -- how are we
22 growing business in the Commonwealth?

23 As far as the minimum wage, since you
24 went there, in Lancaster County, most people
25 are making between 10 and 15 dollars an hour

1 already to start. You know, our county's
2 different than Somerset County. The free
3 market is taking care of the minimum wage, and
4 that's what I really believe should be
5 dictating it. I mean, I don't know why we
6 aren't acknowledging that.

7 I have a staff person that was
8 starting at 14.50 an hour for a part-time job
9 in Lancaster County. You know, no experience.

10 So, I want to get back on track.
11 What are we doing about economic growth and
12 taxation and the issues with the -- you know,
13 the onerous regulations that we have?

14 ACTING SECRETARY BERRIER: Well,
15 thank you, Representative.

16 And just to respond to that, if
17 individuals are already making that minimum
18 rate, then there should be no problem with
19 raising the minimum wage.

20 Speaking to --

21 REPRESENTATIVE GREINER: What -- hold
22 on, now. Now, I just made a comment that in
23 Somerset County, the standard of living is
24 different. We live in a very diverse
25 Commonwealth, so it's going to vary throughout

1 the state, so somebody in Bucks County could
2 even be a higher wage than Lancaster County or
3 higher than Somerset. I just want to make
4 that comment that in those areas, you might
5 buy a home for 75,000 dollars, in another area
6 it might be 150, in another area it might be
7 250.

8 So, my point is, it's taking care of
9 itself throughout the state. So, I do
10 disagree with that thought process about --
11 the free market's taking care of it in these
12 own individual counties.

13 ACTING SECRETARY BERRIER: So, the
14 governor proposed his Back to Work initiative,
15 which is a healthy, robust plan that injects
16 money into the economy to help businesses
17 prosper, to help put money into industries
18 that are thriving and make Pennsylvania an
19 attractive environment for businesses to
20 thrive.

21 The second piece to that, which the
22 Department of Labor and Industry has a part
23 in, is building its workforce to support the
24 needs of the businesses of the future for
25 Pennsylvania, which we will do by assisting

1 our local workforce development boards and our
2 career links in providing training to
3 Pennsylvanians, connecting them to jobs that
4 exist in Pennsylvania. So, that is the piece
5 that Labor and Industry will play.

6 But the Governor's Back to Work plan
7 overall will stimulate the economy.

8 REPRESENTATIVE GREINER: I just
9 think, collectively, this legislature and the
10 executive branch better start working together
11 to try to figure out what we need to increase
12 jobs here in the Commonwealth, because I think
13 that's more critical than raising the minimum
14 wage.

15 But I do appreciate you being here in
16 person. So, I do want to thank you for that,
17 and I do want to thank the chairman for
18 acknowledging me.

19 MAJORITY CHAIRMAN SAYLOR: Our next
20 questioner is Representative Mullery.

21 REPRESENTATIVE MULLERY: Thank you,
22 Mr. Chairman.

23 Madam Secretary, thank you for your
24 time today.

25 There was some discussion this

1 morning about Ben Mod, specifically a line of
2 questioning from the gentleman from Washington
3 County. And from my interpretation of your
4 answers, it sounds like we are maybe a few
5 months away from rolling out that system.

6 It's been clear to me that the
7 general assembly has shown a desire to
8 maximize automation. I recall debating Act 60
9 of 2017 and my colleagues being concerned that
10 Ben Mod may not go far enough in its
11 automation. If this crisis has shown us
12 anything -- and it's been mentioned by a lot
13 of the members here today -- it's the
14 importance of having a human being on the
15 other end of the phone when one of our
16 constituents calls. And while we all, I
17 think, understand the desire to create an
18 effective and efficient system, doing so at
19 the cost of consumer or customer service I
20 think is the wrong path, especially at a time
21 like this.

22 First I would ask, do you agree with
23 all of that that I just said? And secondly,
24 given that, do you have any concerns about the
25 rollout of this system this spring? And if

1 you do, what are they?

2 ACTING SECRETARY BERRIER: Thank you.
3 Representative for bringing the conversation
4 back to something positive, which will be our
5 rollout of the Benefits Modernization system
6 that we're calling Gus.

7 You know, you hit the nail on the
8 head. We can't completely automate the
9 unemployment program. And this pandemic has
10 definitely shown us that that's not possible.
11 There is a human decision-making aspect to the
12 unemployment compensation program, especially
13 through the adjudication process. In fact, I
14 know of other states that tried to do auto
15 adjudications through automation and actually
16 got -- got smacked by the federal government
17 Department of Labor. They had cease and
18 desist letters and are potentially going to
19 forgo funding.

20 So, you know, there is a human
21 element to it, and we need a strong workforce
22 to adjudicate claims, also to provide
23 excellent customer service, because each case
24 is fact-specific and each person has their own
25 questions, you know, that are particular to

1 their issue, and an individual on the other
2 end of the line is most beneficial in giving
3 them an answer.

4 REPRESENTATIVE MULLERY: If you had
5 one primary concern about the rollout of Ben
6 Mod, what is it?

7 ACTING SECRETARY BERRIER: You know,
8 frankly, my concern is that we roll it out and
9 there is a glitch and we're unable to provide
10 money to claimants. That is our biggest
11 concern, and that is what we are dotting our
12 "I"s and crossing our "T"s, to make sure it
13 doesn't happen.

14 REPRESENTATIVE MULLERY: And if that
15 does happen, is there anything that we in the
16 general assembly can do to help?

17 ACTING SECRETARY BERRIER: I would
18 have to get back to you on that,
19 Representative.

20 REPRESENTATIVE MULLERY: So, I'm
21 going to take that, what you just described as
22 a positive question, and maybe go down a
23 different route here for my second question.

24 Taking all of the information that
25 you provided this morning, looking at all the

1 graphs and information that was provided to us
2 by our Appropriations staff, I'm going to give
3 you four parts of this lead-up to the
4 question. I just want you to tell me if any
5 of them are inaccurate. Okay?

6 Part one, your salary and wage staff
7 has been pretty consistent in size and volume
8 since June of 2020. Is that accurate?

9 ACTING SECRETARY BERRIER: I would
10 have to look at that. I mean, as far as our
11 core staff, as far as traditional UC
12 employees, you know, I think that I would have
13 to get back to you on that, but that might be
14 accurate because of attrition and rehiring and
15 our retention rate.

16 REPRESENTATIVE MULLERY: And in the
17 first months -- part two then would be, in the
18 first months of the pandemic, you saw a
19 relatively dramatic increase in wage and
20 salaried staff. Correct?

21 ACTING SECRETARY BERRIER: Correct.

22 REPRESENTATIVE MULLERY: Okay. Part
23 three, since November, the amount of
24 unemployment compensation benefits paid
25 through all programs has been significantly

1 decreased to where it was between March and
2 November. Would you agree with that?

3 ACTING SECRETARY BERRIER: Correct.

4 REPRESENTATIVE MULLERY: Okay. So
5 now we get to the question. Despite the
6 dramatic increase in your staff in June, a
7 staff that has been relatively consistent
8 since then, and a relatively dramatic
9 reduction in the number -- or in the amount of
10 benefits paid, we still have this exceedingly
11 large backlog that is taking four times as
12 long, on average, to resolve per case.

13 My question is simple; your answer
14 may not be. What can we do in this general
15 assembly to help you? Because it's -- from
16 everything I heard this morning, the only
17 answer is experienced UC examiners, and we
18 can't give you those today. Is there anything
19 else? There has to be something we can bring
20 before this body to bring before the Senate to
21 help you get through this backlog. Is there,
22 or is there not?

23 ACTING SECRETARY BERRIER: So,
24 Representative -- and I really thank you for
25 that question. Because this -- you know, we

1 meet with other states weekly and have these
2 same discussions, and that is the same
3 question all the other states are asking, what
4 are we missing? Is there a simple solution to
5 help us get through the adjudications? Is
6 there a silver bullet? Is there technology
7 out there that will help us do it? And,
8 unfortunately, the answer right now is no.

9 You know, we need to go live with Ben
10 Mod, that will help. And we need to promote
11 staff so that we have experienced examiners or
12 have experienced UC staff to serve in the role
13 of examiners. And we think that if we're able
14 to do those two things that we'll be able to
15 push out the determinations and get that
16 backlog under control.

17 REPRESENTATIVE MULLERY: One final
18 point, Mr. Chairman, for your indulgence. The
19 House bill that I currently have filed that
20 would possibly streamline the process, and,
21 thankfully -- and I appreciate your support of
22 that bill since it's been introduced.

23 Are you at all able to tell us, in
24 actual terms, how much time that will provide
25 your current staff because they will no longer

1 have to deal with those six or seven issues
2 that are addressed in the bill? And is it
3 your belief then that, by granting them that
4 additional time, we can address this backlog
5 in a more efficient manner?

6 And thank you, Mr. Chairman.

7 ACTING SECRETARY BERRIER:

8 Absolutely, Representative.

9 It will -- you know, addressing some
10 of these more complicated issues that create
11 confusion for claimants and employers will
12 allow us to address real actual answers about
13 an individual's claim, you know, substantive
14 questions, not process questions. So, yes, it
15 will free up significant staff time. I don't
16 have an accounting of that with me, but I
17 could provide you with that.

18 MAJORITY CHAIRMAN SAYLOR: Our next
19 questioner is Representative Cox.

20 REPRESENTATIVE COX: Thank you,
21 Mr. Chairman.

22 Hello, Madam Secretary.

23 In earlier testimony, you had stated
24 that about 57 percent of previously unemployed
25 individuals in the workforce have now returned

1 to work. That leaves another 43 percent out
2 there that have yet to return to work.

3 So, my first question is, what is the
4 plan to help get that other 43 percent of the
5 previously employed workforce back into the
6 workforce? What is your approach?

7 ACTING SECRETARY BERRIER: You know,
8 I believe the governor's introduction of Back
9 to Work PA has some parts that play a role in
10 that, and that involves the training and the
11 rapid credentialing and upskilling of workers
12 to train them for jobs that are available.

13 I looked at our Careerlink site
14 today. We have 143 jobs posted on our
15 Careerlink site. So, it's working with our
16 workforce development partners and working
17 with UC claimants. In fact, we started a new
18 pilot with our career links, where we are
19 directly connecting UC claimants with
20 Careerlink staff. Instead of just mailing
21 them fliers, we're actually reaching out to
22 them and discussing how we can help train
23 them, upskill them, provide them with
24 credentials so that they can have jobs.

25 REPRESENTATIVE COX: Okay. Thank

1 you.

2 So, Act 9 had some waivers of some of
3 the different elements of unemployment
4 compensation law. That ended, the date on
5 that ended. The department chose to extend
6 some of those things, to continue to waive
7 some of those things. One of those was the
8 work search requirements.

9 Can you walk me through a little bit
10 of why you chose -- or why the department
11 chose to extend those -- the waiver of those
12 work search requirements in particular?

13 ACTING SECRETARY BERRIER: Thank you
14 for that question, Representative.

15 I think it's important to remember
16 that we're in the middle of a global pandemic,
17 and many of the workers that were affected or
18 impacted by this pandemic were low-wage
19 workers who were on the front lines, who were
20 out there, individuals who may have
21 pre-existing health conditions that could
22 potentially make them at higher risk of
23 suffering greater consequences of this
24 pandemic. I think it would be unscrupulous of
25 us to require them to look for jobs right now

1 that could potentially put their health at
2 risk.

3 REPRESENTATIVE COX: What specific
4 factors did you use to determine that -- you
5 know, the hope is that -- you know, you looked
6 at different things and there were certain
7 elements that were examined.

8 Can you tell me what factors were
9 looked at in order to arrive at the decision
10 to continue that waiver?

11 ACTING SECRETARY BERRIER: My
12 understanding is that we work with the
13 Department of Health in examining the risk to
14 individuals. I believe that's how the
15 governor has -- and the Department of Health
16 have -- you know, have drafted their
17 mitigation orders and also, you know, have put
18 the emergency declaration into effect. It's
19 all part of one big package.

20 REPRESENTATIVE COX: Okay. So, what
21 will determine -- since it's kind of in the
22 department's hands now, the legislature's --
23 the statute has run its course, if you will.
24 It's in the department's hands. Specifically
25 it says: The secretary may alter or waive

1 these requirements in the law.

2 What factors will you utilize --
3 what's the pathway forward? When will that
4 work search requirement be reinstated? Do
5 you have a timeline for what you're expecting?
6 When cases reach a certain floor? When a
7 certain number of the population is
8 vaccinated? What are your elements that
9 you're going to be looking at going forward to
10 say, okay, we can put that work search
11 requirement back in place? Can you share that
12 with me?

13 ACTING SECRETARY BERRIER: Yes,
14 Representative.

15 We are actually beginning at the very
16 onset of these discussions to discuss what
17 factors we're looking at, and, certainly,
18 vaccination numbers play a big role in it.
19 You know, we'd like to see eventually all
20 Pennsylvanians vaccinated for COVID-19, but,
21 you know, the vaccinations, the number of
22 vaccinations given to individuals, and also,
23 you know, the ways we're able to socially
24 distance, and also the case rates and the --
25 you know, the fatality rates will also be

1 taken into consideration. It's a
2 conglomeration of factors that will be looked
3 at.

4 REPRESENTATIVE COX: Okay. And so, I
5 understand the idea of just taking those work
6 search requirements and suddenly dropping them
7 all back into place, that may be something
8 that is -- maybe not daunting but maybe you
9 feel is too large of a step too quickly or
10 whatever.

11 Has the department considered or
12 would they consider a phased-in approach,
13 where, for instance -- you know, there's a few
14 elements of the work search requirements, for
15 instance. Right now, they're not being --
16 individual are not being required to
17 utilize -- or to participate in any one of
18 those steps.

19 Has the department given any thought
20 to approaching and saying, Okay, you know, for
21 the month of March, everyone's going to be
22 required to at least register within the
23 Careerlink system; for the month of April,
24 everyone's going to be required to participate
25 in job search activities, one of the seven

1 elements listed under the law -- you know, job
2 banks, posing their resumé, things like that.
3 And then maybe, by the time we hit May, we
4 jump in and say, Okay, now you have to search
5 and apply for at least two jobs a week. In
6 other words, phasing in those requirements.

7 Would the department consider
8 something like that to help move us in the
9 direction? 43 percent is a big number for
10 unemployed individuals that used to have a
11 job. Would you consider a phased-in approach
12 like I've just described?

13 ACTING SECRETARY BERRIER: So, I
14 think that sounds very reasonable.

15 Also, you know, another factor that I
16 neglected to mention is, we have to look at
17 our capacity within our unemployment
18 compensation program to be able to enforce
19 those requirements.

20 So, you know, a phased approach is
21 something certainly we will look at and have
22 further discussion about. It sounds
23 reasonable. But, again, we have to have the
24 capacity to enforce those restrictions as
25 well, or those requirements.

1 REPRESENTATIVE COX: Okay. Well,
2 again, with that 43 percent, I would hope that
3 the department would make that a priority,
4 that -- you know, that the less -- the fewer
5 people who are unemployed, that, in and of
6 itself, will, you know, reduce the burden the
7 department has to deal with because, you know,
8 fewer people are seeking unemployment, that's
9 fewer people on the queue and so forth.

10 So, I look forward to continued
11 discussions.

12 I thank you, Mr. Chairman, for the
13 indulgence of a few extra moments beyond the
14 time. Thank you.

15 MAJORITY CHAIRMAN SAYLOR: Next is
16 Representative Culver.

17 REPRESENTATIVE SCHLEGEL-CULVER:
18 Thank you, Mr. Chairman.

19 Thank you, Madam Secretary, for being
20 here today.

21 I have two separate topics I'd like
22 to talk about today. The first is the
23 protecting nonprofits from Catastrophic Cash
24 Flow Strain Act -- that's a mouthful. And I'm
25 vaguely familiar with it. But it was enacted

1 on August 3rd, and I think the gist of it is
2 those reimbursable employers are eligible to
3 receive a 50 percent reimbursement rate. They
4 first, according to the CARES Act, have to pay
5 100 percent before they got a 50 percent
6 credit.

7 My question is -- and I'm being asked
8 to clarify this, I think somebody actually did
9 here for me today earlier -- some of my
10 employers have a large credit with the
11 department. And for those that do, does the
12 credit balance, will it ever expire? Or will
13 they be able to use that entire credit?

14 ACTING SECRETARY BERRIER: Are you
15 discussing contributory employers, or is this
16 reimbursable employers?

17 REPRESENTATIVE SCHLEGEL-CULVER: I
18 think it's reimbursable.

19 ACTING SECRETARY BERRIER:
20 Reimbursable. Let me inquire into it further,
21 because I want to make sure I'm giving you the
22 most accurate information and this can be get
23 a bit technical, especially when we're dealing
24 with CARES Act language.

25 REPRESENTATIVE SCHLEGEL-CULVER: The

1 second question that goes with that is, for
2 those that have a large balance that they
3 think will take a long time to get through,
4 can they request a refund or a reimbursement?

5 ACTING SECRETARY BERRIER: I can look
6 into that for you. I do know that one
7 mechanism we do have that we also offer to
8 contributory employers are payment plans as
9 well. We're very flexible with that. We want
10 to work with employers. We don't want to put
11 anyone out of business. So, we are willing to
12 work with interest payments and also on
13 payment plans, but I can get back to you on
14 those.

15 REPRESENTATIVE SCHLEGEL-CULVER: If
16 they are allowed to get a refund, can you
17 provide how they do that for me, too?

18 ACTING SECRETARY BERRIER: Yes.

19 REPRESENTATIVE SCHLEGEL-CULVER: So
20 then, my second topic is, in reviewing the
21 governor's budget proposal for next year, I
22 notice that the projected unemployment tax
23 contributions total almost 2.5 billion
24 dollars. But there's anticipated benefit
25 payments that total roughly 2.9 billion

1 dollars for the same year. So, that's roughly
2 a 400-million-dollar deficit.

3 So, can you enlighten us or talk
4 about the unemployment compensation trust fund
5 and where we stand with the federal loans?

6 ACTING SECRETARY BERRIER: Okay. So,
7 currently, you know, unfortunately, we made
8 our last bond -- that's not unfortunate. We
9 made our last bond payment January 1st of this
10 year, and if it weren't for a global pandemic,
11 we would have been completely solvent.
12 Unfortunately, that wasn't the case.

13 And at this point in time, I believe
14 we borrowed 1.1 billion dollars in federal
15 interest-free loans. You know, it's very
16 unfortunate, because we were looking at
17 solvency, and now we find ourselves in a
18 position where we owe money again.

19 I believe with the trust fund, we've
20 paid out -- our current balance is 78 million
21 dollars, and we've paid out from our trust
22 fund 601 million dollars. So, the COVID --
23 federal COVID relief money have helped with
24 that; however, we do still have that loan out
25 there.

1 REPRESENTATIVE SCHLEGEL-CULVER: So,
2 do you have any idea how we're going to dig
3 ourselves out of this hole? Or, I guess, are
4 we -- will you be proposing refinancing the
5 debt, similar to Act 60 of 2012?

6 ACTING SECRETARY BERRIER: No. That
7 is a very important question, and we have
8 begun those conversations with members of the
9 general assembly.

10 There are some unknowns at this
11 point, especially with the economic stimulus
12 package that's working its way through
13 Congress. It's a little too early for us to
14 be figuring out a solution to this while we're
15 having discussions. I know there's been some
16 talk federally with forgiving these loans.
17 That would be ideal, but, obviously, we can't
18 rely on that. We have to have another
19 solution. And we are definitely considering
20 what we did previously, because that seemed
21 like it worked very well.

22 REPRESENTATIVE SCHLEGEL-CULVER: That
23 would be fantastic, if they forgive those
24 loans.

25 ACTING SECRETARY BERRIER: Right.

1 REPRESENTATIVE SCHLEGEL-CULVER:

2 Thank you for your time, Madam Secretary.

3 And thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN SAYLOR: Our next
5 questioner is Representative Dave Zimmerman.

6 REPRESENTATIVE ZIMMERMAN: Thank you,
7 Mr. Chairman.

8 And thank you, Madam Secretary, for
9 joining us here today. Appreciate it.

10 So, my question revolves around --
11 just make a comment or two and get to the
12 question.

13 But one issue that you really did not
14 have any decision over is this Federal
15 Pandemic Unemployment Compensation program.
16 So, there was payments which started out at
17 600 dollars a week in the spring, and then it
18 became 300 dollars a week, and continued 300
19 to date.

20 If I do the math on these out of
21 benefits, for example, at 600 dollars per
22 week, it rewards individuals making less than
23 62,400 annually not to work. And if you look
24 at 300 dollars a week, it rewards individuals
25 making less than 41,600 annually not to work.

1 And then in -- we passed Act 9 -- or
2 within Act 9, we suspended the work search and
3 registration requirement under until January
4 of 2021, therefore permitting individuals to
5 collect UC with no requirements to search for
6 work for more than half of 2020.

7 What impact -- here's really the
8 question. What impact did you see with the UC
9 bonus payments, and also -- you know, on the
10 actual claims -- and also the Commonwealth's
11 labor rate? Did you see any impacts on any of
12 those?

13 ACTING SECRETARY BERRIER: So, the
14 way that we've received -- you know, and I'm
15 not going to say they were rewarded. These
16 individuals received unemployment benefits
17 during a time when unemployment -- during a
18 time of a global pandemic, when employment
19 wasn't available for them.

20 So, you know, this is money that
21 helped stimulate the Pennsylvania economy,
22 allowed individuals to buy things and keep the
23 economy afloat during a time of a global
24 pandemic.

25 You know, as far as seeing a

1 differentiation and kind of connecting the
2 additional FPUC money with the initial claims,
3 I mean, our largest hit, our largest filing of
4 initial claims was in March and April, when
5 the pandemic first hit and individuals -- you
6 know, we didn't know a lot about COVID-19.
7 So, you know, that's when we received the most
8 amount of claims. And that trickled down, I
9 believe, through November and December.
10 However, January, they've spiked back up
11 again. And that's because this is typically,
12 seasonally, our busy time of the year. I
13 don't see any connection between the
14 additional money.

15 REPRESENTATIVE ZIMMERMAN: Okay. So,
16 with Act 9's suspension of work search ending
17 in January, is that now a requirement?

18 ACTING SECRETARY BERRIER: I believe
19 the work search requirement is still suspended
20 as a result of the governor's emergency
21 declaration.

22 REPRESENTATIVE ZIMMERMAN: Well, just
23 a comment to kind of close out here. I --
24 there's so many businesses throughout
25 Pennsylvania and throughout my district that

1 continue to struggle to find help. And I
2 believe Representative Cox mentioned there's
3 still 43 percent of the workforce not back at
4 work. And so, you know, I would really
5 encourage the -- you know, your department, if
6 there's any kind of incentives at all, they
7 should revolve around getting back to work,
8 rather than any kind of incentives that
9 discourage people from going back to work.

10 So, I just want to encourage your
11 department to really look close at that,
12 because it's unfair to individuals. It's
13 unfair to families. It's unfair to these
14 business owners that need all this help and
15 they're not -- they're not going back to work
16 because it's more beneficial maybe not to
17 work. So, I just encourage you to work on
18 programs that incentivize getting back to
19 work.

20 Thank you.

21 Thank you, Chairman.

22 Thank you, Madam Secretary.

23 MAJORITY CHAIRMAN SAYLOR: Our next
24 questioner is Representative Heffley.

25 REPRESENTATIVE HEFFLEY: Thank you,

1 Mr. Chairman.

2 And thank you, Madam Secretary, for
3 being here today.

4 And I really want to comment -- I
5 know other people had referenced that fact
6 that you're here in person. I think that's so
7 important that we lead by example, as public
8 servants, that we set the example that we can
9 safely reopen, we can safely do our job,
10 because we are essential, and what you do is
11 essential to the residents of Pennsylvania and
12 so many people are relying on that.

13 It's kind of a weird -- an
14 interesting dynamic. What we're hearing,
15 there's a lot of jobs out there,
16 unemployment's high, we have people who
17 haven't received unemployment benefits for
18 months, haven't even gotten a call back.

19 So, with that said, the question I
20 have is, from your numbers, I think we're
21 looking at about, between PUA and UC, it's
22 about 400,000 individuals that are still
23 waiting to either be -- to have their claim
24 completed or waiting for some kind of answer
25 or waiting for a check. What were the numbers

1 combined?

2 ACTING SECRETARY BERRIER: I believe
3 that the pending resolution cases we have of
4 individuals for regular, traditional UC who
5 aren't receiving payment is 44,410. However,
6 there's additional folks who are still
7 receiving payments but still awaiting
8 adjudications.

9 For PUA, that number is a little bit
10 higher, and it's -- we're expecting that that
11 is partially due to fraud. That's 140,000
12 that are pending adjudication. But, again, I
13 think, you know, we're attributing a lot of
14 that to fraud.

15 REPRESENTATIVE HEFFLEY: And I know,
16 early on, there was some confusion as to what
17 department they should sign up for. But we
18 touched on that earlier today.

19 My question is, with -- there were a
20 lot of folks that were waiting, a lot of
21 businesses that were waiting for PUA checks, a
22 lot of folks that lost their jobs that were
23 gainfully employed and were essentially locked
24 out, could not -- were not allowed to go to
25 work. And we know that the administration's

1 very aggressively gone after businesses that
2 remained open, using, you know, the Department
3 of Health, the LCE, and any avenue that they
4 could to aggressively go after what primarily
5 are law-abiding citizens who had no other
6 income and no other choice but to keep their
7 business open and really made adjustments to
8 do that safely.

9 I just -- I question, do you think
10 that's an appropriate use of state resources,
11 to send folks out to harass these folks,
12 rather than any extra resources maybe the
13 Department of L and I just to kind of get the
14 issues of UC taken care of?

15 ACTING SECRETARY BERRIER: I believe
16 that the governor acted in accordance with the
17 information that he was given concerning a
18 global pandemic, and he was doing it in the
19 best interest to save lives. And, you know, I
20 stand by that.

21 REPRESENTATIVE HEFFLEY: We probably
22 would disagree with that.

23 But looking at the -- you know, at
24 what's coming down the line, one of the
25 things -- and my office has really been on the

1 front line. We've been open the entire time,
2 working to do anything we can for the
3 constituents we represent. We've been taking
4 the calls. We get yelled at on the phone
5 because we're the only people, quite honestly,
6 answering the phone. We then put in a lot of
7 information, spreadsheets, and kind of sent
8 that over to the department of unemployment.
9 We're still waiting for months to get answers
10 back, and that's frustrating.

11 But now we're getting a lot of calls
12 about people that previously reported fraud to
13 L and I now getting 1099s in the mail. And I
14 guess my question is, if the Treasury sent a
15 list of fraud claims to L and I every week,
16 why did this group still get the 1099s after
17 the report was made? And what is going to be
18 done to resolve that?

19 I mean, I'm getting calls from people
20 that are in their eighties that are getting
21 1099s of somebody who fraudulently collected
22 unemployment on them. What's that going to do
23 next year when they come in to apply for their
24 property tax rent rebate? What's it going to
25 do when they apply for other public

1 assistance? They say, Well, no, you earned
2 too much. Meanwhile, they were victims of
3 fraud.

4 Are we forward thinking to look at
5 all that so next year or in the upcoming
6 months that these folks aren't going to be
7 more punished because of what happened?
8 Because even if they come to our office, our
9 district office, to try to get these resolved,
10 we're still waiting months for unemployment.

11 Is there going to be some kind of
12 expedited service to get these folks the
13 answers that they need so they don't lose
14 maybe a LIHEAP payment so they can keep their
15 house warm or something like that?

16 ACTING SECRETARY BERRIER: So, you
17 raised a very good -- a very good question,
18 Representative. And it just goes to show the
19 impact that this national PUA fraud, identity
20 theft, has had on UC systems nationally.

21 You know, we have received our fair
22 share of fraudulent claims, and we are working
23 with law -- local law enforcement, also the
24 attorney general's office, also the FBI. And,
25 unfortunately, we have to await the results of

1 the investigation and still send the 1099s
2 until the investigation is resolved.

3 Believe it or not, there are
4 individuals out there who actually have said
5 that they received 1099Gs fraudulently when it
6 turns out that they actually did receive
7 payments. So, we have to make sure that each
8 case is investigated thoroughly and that, you
9 know, we're doing our due diligence.

10 REPRESENTATIVE HEFFLEY: The
11 company -- the same vendor that set up the PUA
12 is the same vendor that we're using for Ben
13 Mod; correct?

14 ACTING SECRETARY BERRIER: Correct.

15 REPRESENTATIVE HEFFLEY: So -- now,
16 that vendor has been somewhat unresponsive,
17 from what I've heard, about fixing some of the
18 issues with the PUA. And the PUA was a new
19 program here, but programs similar to this
20 have been used nationally before, in events of
21 hurricanes or devastating events like that.

22 So, I just -- my time is up. I would
23 just ask that we please hold this vendor
24 accountable so that we don't have these issues
25 when this Ben Mod finally goes into effect.

1 Thank you.

2 ACTING SECRETARY BERRIER:

3 Absolutely. Thank you.

4 MAJORITY CHAIRMAN SAYLOR: Our next
5 questioner is Representative Rosemary Brown.

6 REPRESENTATIVE ROSEMARY BROWN: Thank
7 you, Mr. Chairman.

8 Thank you, Madam Secretary, Deputy
9 Secretary, for being here personally today.

10 I think my colleagues have really
11 done an excellent job, and I know you are
12 aware of the communication, the frustration,
13 and the emotional stress, especially on our
14 staff.

15 I know, Madam Secretary, you
16 mentioned that the burn-out for these
17 examiners is very hard for them even to stay
18 in the positions let alone build and replace
19 these positions for, you know, the
20 determination piece and everything.

21 But one thing that -- you know,
22 there's been millions of dollars spent on this
23 system. It's been a year. We are looking for
24 improvements. No surprise. We've talked
25 about that all day.

1 claims just this year alone. You know, I want
2 every constituent to know that the department
3 is working around the clock to issue payments
4 to eligible claimants. We are working
5 overtime, seven days a week. We are -- we
6 are -- we are working all of the time. And we
7 will not rest until every last claimant who's
8 eligible for unemployment or PUA receive their
9 payments.

10 We have utilized new technology. We
11 have instituted chats, chat bots. We've --
12 you know, we're executing a strategic plan
13 right now to improve our communication so that
14 we're not receiving as many calls,
15 communications through social media, through
16 our website, through every avenue we can
17 pursue.

18 We're also improving -- trying to
19 improve our communications through our forms
20 and our technological capabilities.

21 And we understand that we need to do
22 better. And we will do better. We will
23 not -- this is not acceptable. And we are
24 making improvements. And we will continue to
25 do so until every single claimant is paid.

1 REPRESENTATIVE ROSEMARY BROWN: Thank
2 you, Madam Secretary.

3 And I do know that you have made
4 improvements. I thank you for the new system.
5 You know, we have been changing and moving.
6 And this new system for our legislative
7 inquiries is definitely helpful and it's
8 better, so it's improving.

9 But, again, I just -- and I
10 understand what you just said. But I want the
11 people watching to know that we have very
12 limited capabilities as legislative offices
13 and as legislators to make a determination or
14 to make a time frame change with the
15 Department of Labor's procedures. Am I
16 correct?

17 ACTING SECRETARY BERRIER:
18 Representative, it is the department's duty to
19 adjudicate unemployment and also provide
20 customer service under that program.

21 REPRESENTATIVE ROSEMARY BROWN: Thank
22 you so much. I appreciate that.

23 I think that's very important to
24 note, just from an honesty and a communication
25 level, setting expectations and letting people

1 know how hard we are really all, both sides of
2 the aisle, working for them during this
3 stressful time.

4 The other thing that I wanted to talk
5 to you a little bit about was the difficulty,
6 as I said in the beginning, of finding these
7 UC examiners and, obviously, looking for
8 productivity, looking for us to become more
9 efficient. You mention that's one of the
10 largest pieces that we need to fix.

11 So, my question to you is, how many
12 positions do we have? How many positions have
13 we filled? What are the qualifications for
14 that type of position? And what are we doing
15 to get those positions -- or where are we
16 recruiting for that? And I'm going to say
17 that because, I mean, it's truly important.
18 You mentioned a strategic plan.

19 ACTING SECRETARY BERRIER: Um-hum.

20 REPRESENTATIVE ROSEMARY BROWN: And I
21 have appreciation for that. I am requesting
22 that strategic plan to be sent to our
23 committee, if possible, if the chairman is
24 fine with that. I think that strategic plan
25 is important for us to know and having these

1 pieces of information in there, unless you do
2 have some of them today for the UC examiners.

3 ACTING SECRETARY BERRIER: So,
4 concerning UC examiners, currently today, we
5 have two hundred fifty-five unemployment
6 compensation examiners. Prior to this
7 pandemic, we were working with our Office of
8 Administration to attract and retain that
9 staff. It's a civil service position, and,
10 frankly, it's not -- you know, the
11 requirements are to have a certain number of
12 years of experience working within the UC
13 system because of how technical it is and how
14 you have to know the laws and the regulations,
15 and it's not something that's easily learned
16 overnight. It's something that's learned
17 through experience, through, you know, living
18 and breathing it through daily activities.
19 So, we were working to make those jobs more
20 attractive, higher paying, and also provide a
21 path for -- you know, to move up, to -- you
22 know, a career path for these individuals.
23 And we are continuing to have those
24 discussions.

25 But more immediately, we are -- we

1 are working on working individuals out of
2 class temporarily to them in those positions.
3 Some of our more experienced interview
4 intakers, we're trying to make these positions
5 more attractive to them. And we've had some
6 success, and we have had some not so great
7 successes. But we continue to work with the
8 Office of Administration to improve and try to
9 get the best talent we can in those positions.

10 REPRESENTATIVE ROSEMARY BROWN: Okay.
11 Thank you.

12 You said two hundred fifty-five
13 currently. How many do we have to fill?

14 ACTING SECRETARY BERRIER: I think we
15 are looking at filling anywhere from fifty to
16 eighty.

17 ACTING SECRETARY BERRIER: Thank you,
18 Madam Secretary.

19 EXECUTIVE DEPUTY SECRETARY O'BRIEN:
20 And just to add, each one of those folks are
21 working overtime during the day, during the
22 week, and on Saturdays and sometimes Sundays.

23 REPRESENTATIVE ROSEMARY BROWN: Thank
24 you very much.

25 Thank you, Mr. Chairman.

1 MAJORITY CHAIRMAN SAYLOR: Our next
2 questioner is Representative Johnathan
3 Hershey.

4 REPRESENTATIVE HERSHEY: Thank you,
5 Chairman.

6 Thank you, Madam Secretary, Deputy
7 Secretary, for being here. It's nice to see
8 your guys's face here in person.

9 My question is about the minimum
10 wage, again. And, Madam Secretary, I
11 certainly appreciate the story you shared
12 about your mother. And don't get me wrong,
13 I'm certain that her labor is worth more than
14 9 dollars and 50 cents an hour.

15 But my first question related to that
16 is if you adjust the minimum wage for
17 inflation, since it was last adjusted in July
18 2009, that would mean that the wage would
19 currently be 8 dollars and 81 cents an hour.

20 So, how did the administration arrive
21 at the 15 dollars an hour number? And I do
22 feel like this number's changed a lot. It was
23 12 before; it was 10. I believe there was a
24 negotiation with the Senate last year where it
25 was moving to 9.50. So, where did that 15

1 number come from?

2 ACTING SECRETARY BERRIER: So, I
3 mean -- and I don't want to go back into a
4 history lesson and bore everyone to death, but
5 when the minimum wage was initially instituted
6 under the federal Fair Labor Standards Act, it
7 was actually a living wage. It was taken at a
8 certain percentage of working individuals in,
9 I believe, manufacturing and other industries,
10 and it was -- and slowly over time, as it
11 wasn't increased, it actually lost -- lost its
12 purchasing power, it didn't increase with
13 time. So, you know, I believe the last time
14 that the minimum wage actually reflected what
15 it was originally intended to reflect was in
16 the 1970s.

17 So, you know, if we're looking at
18 living wage information, I believe MIT said
19 that currently the living wage for a single
20 adult individual is 11.53 an hour. So, I
21 don't think asking for 12 dollars an hour is
22 unreasonable.

23 REPRESENTATIVE HERSHEY: As you know,
24 the number eventually escalates to 15 dollars
25 an hour over time in the governor's plan. And

1 I'm curious about your thoughts about the
2 recent congressional budget office estimates,
3 because, as you know, we use the term "living
4 wage," but zero dollars an hour is not a
5 living wage. And the congressional budget
6 office estimates that this proposal could cost
7 1.4 million jobs nationwide, not in
8 Pennsylvania, but it could move 900,000 people
9 out of poverty. Of course, as these people
10 are getting out of poverty, I am concerned
11 about the job loss.

12 Have you guys done any kind of
13 analysis as to whether that might adversely
14 impact Pennsylvania? Because we don't already
15 have cities or areas that have a 15 dollar
16 minimum wage.

17 ACTING SECRETARY BERRIER: Actually,
18 yeah. We've actually looked at additional
19 studies, newer studies that use more modern --
20 more modern methods of evaluating minimum wage
21 impacts. You know, I believe New York has
22 raised their minimum wage, and the federal
23 bank of -- the federal reserve of New York has
24 found that they haven't lost any jobs as a
25 result of raising the minimum wage. In fact,

1 they've experienced an increase that is
2 greater than what Pennsylvania workers were
3 receiving around the same time that they
4 raised their minimum wage. So, I mean,
5 they're experiencing wage growth at a greater
6 -- greater pace than we are.

7 You know, we're not hearing
8 anecdotally or on the more modern studies that
9 we've looked at that, you know, that states
10 are losing jobs as a result of raising the
11 minimum wage. We think that's outdated
12 methodology.

13 REPRESENTATIVE HERSHEY: Okay. I'd
14 been interested in reading about that further.

15 My final question is, you already
16 mentioned the significant revenue increase in
17 terms of income tax revenue that would result
18 as -- after we increase the minimum wage. But
19 the congressional budget office actually
20 projected that the federal deficit might
21 worsen as people are put out of work as a
22 result of raising the wage.

23 Have you guys undertaken that
24 analysis at all in terms of whether our
25 deficit could worsen in Pennsylvania and we

1 could actually be out more money because of
2 that?

3 ACTING SECRETARY BERRIER: You know,
4 my understanding is that it gives individuals
5 greater purchasing power and stimulates the
6 economy to raise the minimum wage. So, we
7 would disagree with that methodology.

8 REPRESENTATIVE HERSHEY: Okay. And
9 that's certainly a demand-side view of the
10 economy. And I understand how that works.

11 But I would just encourage you guys
12 that we need to take a look at how this would
13 impact our entire economy across Pennsylvania.
14 In a rural area like I represent, we have a
15 lot of food service/restaurant work jobs, a
16 lot of service economy jobs, a lot of
17 agricultural jobs. And a lot of these
18 employers are telling me that they will simply
19 erase those jobs if the wage was to be raised.

20 Now, whether that's a scare tactic,
21 that remains to be seen. But I really do have
22 to believe them that they simply can't afford
23 to pay that to some of their workers. And in
24 my area, these people simply can't afford to
25 be not working.

1 And I'm just concerned that in a time
2 when we have seen a loss of 500,000 permanent
3 loss of jobs, as you testified earlier, that
4 it's just not wise to further escaparate the
5 loss of jobs on top of that.

6 So, thank you for your time, and I
7 appreciate your testimony.

8 MAJORITY CHAIRMAN SAYLOR: Our next
9 questioner is Representative Zack Mako.

10 REPRESENTATIVE MAKO: Thank you,
11 Mr. Chairman.

12 And, Madam Secretary, thank you for
13 being here.

14 So, I don't want to belabor the point
15 too much of my previous colleague. Going back
16 to the minimum wage question, is that
17 including tipped wages?

18 ACTING SECRETARY BERRIER: I believe
19 the governor's proposal is to increase tipped
20 wages as well.

21 REPRESENTATIVE MAKO: And the reason
22 I asked, I was just doing a little research
23 over here, and I was just reading Yahoo Times,
24 and they were quoting a UC Berkeley study
25 about New York City, because I guess --

1 actually played in real well to the study that
2 I just read, your previous conversation.

3 2018, New York City increased the
4 minimum wage to 15 dollars an hour, and they
5 had a quote from a business owner there. He
6 said, As a result of the minimum wage hike, it
7 would cost more to dine out, it's not great
8 for the labor, it's not great for the people
9 who invest or own restaurants, and it's not
10 great for the public.

11 And then the follow-up in this study,
12 it said, in 2019, the New York City
13 Hospitality Alliance found that -- and they
14 interviewed the restaurant owners and the
15 like, and they said that 76.5 percent of
16 full-service restaurants reduced employee
17 hours and then 36.3 percent eliminated jobs.
18 And this is actually talking to the owners
19 themselves.

20 My question to you is, if this is
21 what's happening in New York City, increasing
22 the wages, why would right now, during a
23 pandemic, where we're already having job loss
24 and everything, and if this is true -- and
25 then, I guess, one more follow-up to that on

1 that, too, is the Harvard Business School did
2 a study as well in San Francisco, and they
3 found that for every dollar increase in
4 minimum wage, it increases by 14 percent the
5 likelihood that that business or industry
6 would leave or exit the city.

7 So, my question to you is, you know,
8 during this pandemic, why would we -- if these
9 are true stats, why would we try to push for
10 more job loss during a pandemic, when we're
11 already struggling to get people back to work?

12 ACTING SECRETARY BERRIER: Again, I
13 disagree with, you know -- you know, there are
14 many studies that say many things. You know,
15 and at this time, you know, I think that it's
16 important now more than ever to make sure that
17 individuals who are putting themselves out on
18 the front line, individuals who are
19 sacrificing their health are paid fair wages
20 and don't have to struggle to pay for basic
21 necessities.

22 REPRESENTATIVE MAKO: And I agree.
23 I'm just saying that UC Berkeley and Harvard
24 Business School I don't think are very
25 right-leaning institutions, so it's like a

1 non-biased assessment there.

2 My follow-up question to that would
3 be, I went out dining the other day in the
4 local area, and not naming the restaurant that
5 I went to, but they said that they have
6 adopted a living wage initiative. To bring
7 equity to kitchen staff wages in lieu of
8 increasing the menu price, a surcharge of 2
9 percent will be applied to all food purchases.

10 So, my question is, if these
11 industries can do it themselves, why -- if
12 they know their employees the best, why would
13 we, as a government, push these policies down
14 on them if they're already doing it
15 themselves?

16 ACTING SECRETARY BERRIER: Because I
17 think it's our job as government to protect
18 individuals from being taken advantage of and
19 from being paid substandard wages that don't
20 afford them the opportunity to pay for basic
21 necessities.

22 REPRESENTATIVE MAKO: And the
23 previous speaker said, I mean, if these
24 businesses go out of business because they
25 can't afford these wages, then nobody's making

1 any money, which I think is a huge problem as
2 well.

3 And then I have one final question
4 for you. You mentioned several times that we
5 are in a global pandemic, as we all know. So
6 as secretary of Labor, at what point or what
7 matrix or what level of vaccination can we
8 start to go back to normal? Listening to the
9 guys on the federal level, they're talking
10 about next Christmas, this Christmas, they're
11 all over the board.

12 As a healthy, young individual, I'm
13 thinking why should I get vaccinated if I'm
14 going to have to wear a mask and social
15 distance until the end of time. So, you know,
16 what's the motivation for me to get vaccinated
17 and what level are you trying to -- what level
18 would you -- be acceptable for you to get us
19 back on track?

20 ACTING SECRETARY BERRIER: Okay.
21 That's a very loaded question.

22 REPRESENTATIVE MAKO: I'm just
23 saying, is there light at the end of the
24 tunnel? Because, you know, young and healthy
25 people aren't going to go get vaccinated with

1 the potential downside of being vaccinated if
2 I'm going to have to social distance and wear
3 a mask for all times.

4 ACTING SECRETARY BERRIER: And I
5 completely understand that. As far as the
6 levels of vaccination for things to go back to
7 normal, I think that's going to be more of a
8 regional approach and not a national approach.
9 That's something that the governor's going to
10 have to look at, in conjunction with the
11 Department of Health and other agencies, to
12 see how many individuals are vaccinated and in
13 what areas and, you know, the population and
14 take all those factors into consideration.

15 Concerning you, being healthy, I take
16 your word for it. The -- there's still a lot
17 we don't know about this -- about COVID-19.

18 REPRESENTATIVE MAKO: Agreed.

19 ACTING SECRETARY BERRIER: And, you
20 know, just because you may not have an impact
21 or it might not impact your health severely,
22 you could still carry it and it could impact
23 someone else's health. So, you should get
24 vaccinated not only for you, but for your
25 grandparents and your parents and individuals

1 who are more at risk for facing the very
2 severe consequences of the disease.

3 REPRESENTATIVE MAKO: Thank you,
4 Madam Secretary. Appreciate it.

5 MAJORITY CHAIRMAN SAYLOR: Our next
6 questioner is Representative Austin Davis.

7 REPRESENTATIVE DAVIS: Thank you,
8 Madam Secretary.

9 You said earlier you spent fifteen
10 years with the Department of Labor and
11 Industry.

12 ACTING SECRETARY BERRIER: Yes, I
13 have, Representative.

14 REPRESENTATIVE DAVIS: I didn't know
15 that qualified you to give medical advice.

16 But we're here in the House
17 Appropriations Committee. I'm going to bring
18 it back to a Labor and Industry question.
19 Yes, I know, we'll get away from the medical
20 questions for now.

21 There's a chance that the
22 Commonwealth could receive a very large amount
23 of federal dollars, thanks to President
24 Biden's relief plan. Can you talk about how,
25 if the general assembly was able to allocated

1 any flexible funds to your department, how you
2 might -- what recommendations would you make
3 on how to use those funds?

4 ACTING SECRETARY BERRIER: Thank you,
5 Representative.

6 And I believe one of your colleagues
7 hinted at this question earlier. You know,
8 right now we're living in between -- you know,
9 with what we know we are getting as far as
10 funding. We have to live within our means,
11 within what we're allotted, and especially
12 with unemployment compensation funding,
13 they're very strict about the funding that
14 they give us and very strict about making sure
15 that we spend down all of those funds, because
16 if we don't, we could -- that could
17 potentially affect our funding for the
18 following year.

19 So, any additional federal money we
20 would potentially get at your mercy or
21 graciousness, we would love to continue having
22 those conversations with you, if that is a
23 possibility, so we would figure out how to
24 draw down our federal money without -- you
25 know, spend those funds without hurting our

1 federal funding that we currently receive from
2 the federal Department of Labor.

3 So, obviously, UC would be something
4 that we'd want to explore and also workforce
5 development. I think those are the two main
6 initiatives with the department right now.

7 REPRESENTATIVE DAVIS: Thank you.

8 Just to switch gears just a little
9 bit, about a year ago, one of the first things
10 Congress tried to do is to help provide
11 temporary sick and family leave to all
12 Americans during the pandemic. We also saw
13 legislation in the general assembly here to
14 try to ensure that Pennsylvanians would have
15 these critical benefits.

16 How would paid family medical leave
17 in Pennsylvania for all workers have helped
18 during COVID-19 and also potentially moving
19 forward as we move out of the pandemic?

20 ACTING SECRETARY BERRIER: Thank you
21 for raising this important issue.

22 I think paid family medical leave
23 would be very important, and it would help
24 keep -- especially the dislocated workers now,
25 it would help them keep their jobs. It helps

1 with increasing -- paid family medical leave
2 helps with increasing employee retention, it
3 prevents employees from financial hardship,
4 and it also removes an undue financial
5 hardship from employers as well. It also
6 helps small businesses.

7 So, the benefits from paid family
8 leave are numerous, and it seems like a
9 win-win for employers and employees alike.

10 REPRESENTATIVE DAVIS: Thank you,
11 Madam Secretary.

12 And I appreciate your appearance here
13 today.

14 And with that, Mr. Chairman, I yield
15 back my time.

16 ACTING SECRETARY BERRIER: Thank you.

17 MAJORITY CHAIRMAN SAYLOR: Our last
18 questioner before the chairmen is
19 Representative Jesse Topper.

20 MAJORITY VICE CHAIRMAN TOPPER: Thank
21 you, Mr. Chairman.

22 And thank you both. I know it's been
23 a long day.

24 It's interesting that we shared a
25 little chuckle just a moment ago about the

1 department being able to stay in the lane of
2 Labor and Industry as opposed to the
3 Department of Health, because I'm looking at
4 several press conferences -- excuse me --
5 press releases where the Department of Health
6 essentially brought aboard the Department of
7 Labor and Industry and their compliance
8 officers for work to do on their behalf.

9 Now, interestingly, before you
10 stated -- and I believe I heard this number
11 right -- that there were only about twelve to
12 thirteen compliance officers. In fact, I
13 think before -- before becoming acting
14 secretary, that was your -- that was your
15 bailiwick, so to speak --

16 ACTING SECRETARY BERRIER: Yes, it
17 was.

18 MAJORITY VICE CHAIRMAN TOPPER: --
19 was in the Department of Compliance.

20 So, with that kind of limited
21 resources, I find it -- it's been a little
22 difficult to understand what exactly we were
23 doing crossing over with the Department of
24 Health. And enforcing what exactly?

25 ACTING SECRETARY BERRIER: So, I

1 believe what we are enforcing is, you know,
2 mitigation orders for employers and
3 businesses, to make sure that employees have
4 safe working environments to ensure that we
5 mitigate the spread of COVID-19.

6 And I have some statistics to date of
7 what our labor law compliance investigators --
8 we have twenty-seven investigators who are
9 very skilled in dealing with employer and
10 employee issues. These cases don't take a lot
11 of time. Basically --

12 ACTING SECRETARY BERRIER: You said
13 twenty-seven. So, the twelve and thirteen,
14 did I hear that wrong earlier? Or that is in
15 a different --

16 ACTING SECRETARY BERRIER: That's
17 something else. Yeah, twenty-seven is how
18 many investigators we have.

19 These cases, these referrals that we
20 get from the Department of Health do not take
21 very much time. They're mostly interviews.
22 You know, we, so far to date, have received
23 four hundred referrals from the Department of
24 Health as far as complaints that they've
25 received for unsafe business locations. We

1 have completed two hundred forty-three
2 investigations and a hundred seventy-seven
3 remain open.

4 ACTING SECRETARY BERRIER: Is this
5 something that was done routinely before
6 COVID-19? In other words, is this new? Did
7 the Department of Health bring the Department
8 of Labor and Industry before to investigate
9 any kind of health-related issues in terms of
10 employers?

11 ACTING SECRETARY BERRIER: No, it did
12 not. This is something new that came out --

13 MAJORITY VICE CHAIRMAN TOPPER: I
14 just find it ironic that the Department of
15 Health, in their lack of communication with
16 almost every other department, did find it
17 necessary to communicate and bring aboard
18 other departments when it came down to
19 bringing a hammer down on more of our small
20 businesses that have been decimated through
21 much of this process. And that's really what
22 it feels like, is that we have -- the
23 Department of Labor and Industry, who's now
24 been somewhat deputized, to use an old Gary
25 Cooper term from High Noon, to come out and

1 essentially be the strong arm of the
2 government, while meanwhile, what we've heard
3 through this whole process is that we were not
4 adequately staffed to handle the amount of
5 unemployment, most of it coming from the very
6 businesses that now we're cracking down on.

7 So, I -- I think -- I think the irony
8 is something that is not lost amongst the
9 people in Pennsylvania, certainly not lost
10 among members of this committee. And I think
11 that brought out the point that we need to say
12 sometimes it's not altogether how much staff
13 we have but what they're being used for.

14 So, I appreciate your time today.

15 Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN SAYLOR: With that,
17 we'll move to Representative Bradford.

18 REPRESENTATIVE BRADFORD: Thank you,
19 Chairman.

20 And thank you, Secretary.

21 I think you've heard today some of
22 the bipartisan concerns that there are
23 continuing about the backlog. And I'm glad
24 that many members have kind of teased out that
25 this is a problem that is decades in the

1 making and there's culpability that begins in
2 this building and, frankly, in this
3 legislature.

4 Having said that, there are folks
5 that have been hanging for way too long, and
6 you've heard this in private meetings as well.
7 And we appreciate your responsiveness. We do
8 recognize that.

9 I just want to reiterate, and I know
10 I spoke to Secretary -- I've given Chairman
11 Saylor a promotion or a demotion, depending on
12 the day -- Chairman Saylor I know shares this.
13 This legislature understands that we need to
14 turn this around, and whatever resources,
15 whatever you need, I think there is a
16 willingness to move mountains to make sure
17 these people get paid. The level of
18 frustration is out of control.

19 Having said that, with a plan, you
20 need timelines. These numbers, 95,000
21 adjudications, what is the likelihood of
22 knocking this down in somewhat of a short
23 order? What can be done?

24 And I know we've heard about, you
25 know, you need experienced folks. We've had

1 eleven months to start getting some of those
2 folks into the queue to get them experience.
3 I recognize that doesn't fall on you; you're
4 new to this position. What can we do?

5 ACTING SECRETARY BERRIER: No. And I
6 thank you for your comments, Representative.

7 And I want to leave the door open for
8 conversations with you and your colleagues so
9 that, you know, as we develop -- or as we
10 execute our strategic plan and continue to
11 bring additional resources and evaluate new
12 technology, we want to keep the conversation
13 open as far as SIIF funding is potentially
14 concerned to fund future initiatives to
15 address these issues that we're facing.

16 You know, we are -- we are going to
17 do better.

18 REPRESENTATIVE BRADFORD: And maybe
19 this is more political advice than budgetary,
20 this -- there is a moment here where, despite
21 the frustration, I think there's a recognition
22 on both sides that we've got to get this
23 right. And if there are problems that are
24 created by us or can be solve by us, we need
25 to get to that immediately and kind of check

1 the partisanship and the blame spewing, which
2 we're kind of good at, for the minute and get
3 this resolved.

4 And, again, time lines. We will hit
5 these numbers, reasonable, realistic, but ones
6 that will be hit. Because you hear from the
7 members, they've just -- they're up to here,
8 and, again, it's only because the
9 constituents, frankly, are beyond -- they're
10 beyond their credit cards at this point. It's
11 that point. So, I just want to make that
12 clear.

13 Now, under the blaming, some of the
14 things -- and I feel it's only appropriate to
15 defend the governor, because I've heard some
16 things said today, and I appreciated the way
17 the secretary answered them. When there was
18 these attempts, and clumsy as they were, to
19 somehow say "businesses put out of work by the
20 governor," that "this should never be done to
21 these people again," somehow addressing blame
22 on a governor of any state, blue or red, for
23 what has gone on in the last year. It is,
24 frankly, distasteful and gross.

25 We've got to recognize that there is

1 a pandemic. And a half a million Americans
2 are dead, 23,000 Pennsylvanians. And when we
3 go down this road, without any recognition of
4 human carnage and the people that we put back
5 to work because they were essential workers,
6 we put them in grocery stores, we put them in
7 food processing plant, because we needed to
8 keep those supply lines going, and when we
9 have these discussions narrowly just about
10 business, without any recollection that a
11 business is also the component of their
12 employees and the communities that they serve.
13 No business that I know of would want their
14 business to succeed at the success (sic) of
15 their employees or the communities that they
16 care for. And I believe that has been lost in
17 a big way, as people have shamelessly and
18 cynically tried to lay at the feet of a
19 governor who is dealing with a pandemic of
20 historic proportions.

21 Now, let's talk about a different
22 way. The minimum wage, I never knew that
23 there was such a cheerleading crew, a
24 constituency for continuing to pay people 7.25
25 an hour. I am surprised at this day that

1 we're still having this debate. And, again,
2 Secretary, I want to give you credit, because
3 you recognize, in the best financial times of
4 a few years ago, when this economy was
5 rolling, and today, when we are just coming
6 out of this pandemic, that those same voices
7 say, We can't afford to pay a dollar more.

8 And like you, I like to look at the
9 history of the Fair Labor Standards Act. In
10 1938, after fighting with an intransigent
11 supreme court, a great progressive president,
12 who saved our country not only from a
13 depression but from a world war, decided it
14 was time to pay people a quarter an hour for
15 their wages. And, by the way, there were
16 those who argued that the free market was
17 taking care of this problem, much like one
18 gentleman did here today. Well, he recognized
19 that sometimes there's a role for government
20 to say that we shouldn't have children working
21 in mines and that maybe we should have a
22 forty-hour workweek, and, yes, there is a
23 bottom line that every business must pay.

24 Franklin Roosevelt fought for five
25 years to pass the FLSA. And some of his

1 quotes, which were radical then and sound even
2 more radical in this building today after some
3 of what we've heard. He stated, about raising
4 minimum wages will hurt business, in 1933 --
5 this is in the depths of the Great
6 Depression -- he said: No business which
7 depends for existence on paying less than
8 living wages to its workers has any right to
9 continue in this country.

10 That seems strong, even for me, but I
11 got to tell you, he was willing to say it as
12 president of the United States, three years
13 after the stock market collapsed and in the
14 height of the Great Depression. And people
15 said then, 40 cents, which is what he was
16 advocating for, was too much, and he
17 negotiated down to 25. And I heard some say
18 maybe 15 dollars is too much. Well, maybe I
19 would say that's the beginning of the
20 negotiation that may get us to that 12 dollar
21 minimum wage to start.

22 But when asked, he said: By "living
23 wages," I mean more than a bare subsistence
24 level. I mean the wages of a decent living.

25 And then, to those who would have

1 public assistance continue to support the
2 private sector that would pay those poverty
3 wages, he said: Don't let any
4 calamity-howling executive, with an income of
5 a thousand dollars a day, who has been turning
6 his employees over to government relief rolls
7 in order to preserve his company's
8 undistributed reserves, tell you -- using his
9 stockholders money to pay the postage for his
10 personal opinions -- tell you that a wage of a
11 11 dollars a week is going to have a
12 disastrous effect on all of American industry.

13 He said that in 1938 in a fireside
14 chat, as the Second World War was about to
15 break out. See, he realized that there is a
16 place for minimum wage, and there's a time and
17 a place to raise that wage, and we're past it.

18 But let me also provide some
19 perspective, because if one really believes
20 that we should have a different minimum wage
21 in Bucks County, as one gentleman argued, than
22 we should have in Juniata, then we should have
23 preemption, and we should allow Philadelphia
24 County to pay a decent wage, and we should let
25 the surrounding counties where I live pay a

1 wage that would actually see people be able to
2 provide child care for their children, an
3 education for those that would want to go to
4 higher education. Why would we continue down
5 this road to say that somehow 7 dollars and 25
6 cents is anything other than an immoral
7 poverty wage?

8 But I did a little bit of research,
9 and, again, I know the Google machine is not
10 perfect, but if we're to pay someone the lofty
11 wage of 12 dollars an hour, as the secretary
12 suggests to begin, we're taking about 480
13 dollars a week. If that sounds crazy, the
14 only thing more crazy than thinking someone
15 can survive on 480 dollars a week -- which I
16 don't think is, quite frankly, realistic --
17 try it on the currently 290 dollars that the
18 minimum wage currently provides, because that
19 is what this legislature defends every year
20 when it fights a minimum wage increase. I
21 don't know how you do it with a straight face.

22 You can learn a lot from the Google
23 machine. One thing I learned and I heard at
24 great length was that a minimum wage increase
25 would somehow make the cost of living and

1 goods and food and services go through to the
2 roof. So, I looked at what a hamburger might
3 cost, and why not just start with Five Guys.
4 So, here in Harrisburg, that hamburger is 8
5 dollars and 39 cents. And I'm going to shock
6 you all. It is more in those states that have
7 a higher minimum wage. It is 8 dollars and 59
8 cents in Seattle, Washington.

9 Seattle, Washington, which has a
10 minimum wage not of 7.25, not of 12 dollars an
11 hour, not of 15 dollars an hour, but of 16
12 dollars and 39 cents. That's the minimum wage
13 in Seattle, where you have to pay the extra 20
14 cents for that hamburger. They also have
15 hazard pay for essential workers, and they
16 have mandated paid sick leave.

17 Now, again, I'm not suggesting we
18 become Seattle. God forbid, the weather's
19 horrible. But maybe, if we have any chance of
20 getting a minimum wage, we'll start looking at
21 what other states have successfully done.

22 And I would also throw out this, and
23 I don't want to shame a local business, but it
24 is a huge chain, so I feel safe in doing so.
25 We're going through tremendous changes in our

1 economy right now. And you are right that
2 more and more you're going to see consoles
3 where you see the iPad and you order instead
4 of going up to the register. And that is
5 going to mean less jobs for cashiers. And
6 some have argued, well, then, if you do the
7 minimum wage increase, well, that is going to
8 be -- that will be more jobs lost.

9 Well, I got to tell you, I went into
10 a Panera near my house the other day, and not
11 only did they have the hutzpah to replace the
12 cashiers with these computers, kiosks,
13 whatever they call them, but they asked me to
14 tip the computer at the end. I don't know who
15 the hell I'd be tipping.

16 Guys, if you claim to care about
17 working people -- and God knows, the
18 Republican party lately has added that their
19 mantra, and I'm glad to see it, because I
20 think it's about time -- then maybe we need to
21 worry about the people who actually pay to use
22 the kiosk, as opposed to the people who own
23 the big businesses that are putting people out
24 of work and paying them 7.25 an hour.

25 We can do better. The hutzpah of

1 these companies, we need to start talking
2 about the workers, the workers who've died
3 during this pandemic, the workers who've
4 continued to provide for all of us and our
5 families, who've continued to keep this
6 economy alive, that is what this is supposed
7 to be about. You can't defend 7.25 an hour.
8 You got to stop blaming some governor because
9 he's of the other political party.

10 We need to have budget debate about
11 how we make government work, because there is
12 a bipartisan solution that needs to be had for
13 UC. It must happen. But continue to have
14 these fake debates and cynically and
15 shamelessly trying to lay at the feet hundreds
16 of thousands of deaths at a governor who we
17 all know is a good-hearted man, it is not
18 worthy of our time or the time we spend here
19 today.

20 So, Mr. Chairman, I appreciate you
21 giving me way too much time, but I appreciate
22 your willingness just the same.

23 Thank you.

24 MAJORITY CHAIRMAN SAYLOR: Thank you,
25 Representative Bradford.

1 I have to take a few concerns with
2 you're talking about immorality. I mean, I
3 hear a lot of talk about minimum wage. And,
4 Madam Secretary, I get the 9.50, but guess
5 what, your mother could go to a Wawa, Rutter's,
6 Sheetz, and make 12, 13 dollars an hour. She
7 loves the job she probably has, what she's
8 doing, and that's why she's staying at 9.50.

9 But what I hear today is we haven't
10 done anything about the fact that we've lost
11 union jobs to China, India, Pakistan, Vietnam.
12 They're making a dollar a day to make our
13 clothing and everything else we wear. Nobody
14 complains about that.

15 They complain about the 1 and a half
16 percent of Pennsylvanians who make minimum
17 wage who are -- over 50 percent of them are
18 college students. If anybody goes shopping in
19 a store today -- JCPenneys, any of them, I
20 used to do Bon Ton, not here anymore -- if you
21 go to those stores, you can't even find
22 anybody to wait on you anymore because they've
23 gotten rid of a lot of those part-time
24 workers. Minimum wage isn't going to change
25 that. All the thing is that minimum wage --

1 look, I think everybody needs to earn it, but
2 people also need to understand, we act like
3 we're talking about 50 or 60 percent of this
4 population making minimum wage. Let's quit
5 lying to the taxpayers of Pennsylvania and
6 across this nation.

7 When you think it's -- we're talking
8 1 percent, which most of them are college
9 students, who are out there trying -- trying
10 to get a college education and pay so they
11 don't have a heavy loan to pay back when
12 they're done. But instead, we're working to
13 eliminate their job so that we increase their
14 debt load.

15 Instead of doing something about
16 poverty, we're talking about minimum wage.
17 And if you believe that raising the minimum
18 wage is going to take people out of poverty,
19 you need to go back to college and get an
20 education, because, seriously and honestly,
21 when 50 percent of the people earning minimum
22 wage are college students, and you're talking
23 about taking people out of poverty?
24 Seriously.

25 Let's look at the fact that there are

1 job losses. I hear the governor talk about,
2 Oh, we're going to increase income taxes
3 because more people will be making more money.
4 What about those 40,000 people that lost their
5 jobs?

6 You know, I find it interesting, we
7 pick these little issues out there to act like
8 we're helping poor people, and all we do is
9 increase their costs and the problems that
10 they have. Let's put a Marcellus Shale tax on
11 so that they're heating bills go up, so that
12 they're cooking and everything else they do,
13 their electric bills go up, but we want to
14 help people in poverty.

15 It's time we get serious about
16 solving real problems for people. I get it.
17 I don't want to see people making 7.25, but if
18 you really want to get people out of 7.25, you
19 create job competition, because when there's
20 no competition, that's when you have no
21 benefits and you have low wages. That's been
22 our problem in this state for many, many
23 decades, because we have not had the
24 leadership in this state to do the job to
25 create jobs. All we ever do is tax people out

1 of jobs and put more regulations on them.

2 You made it very clear today, Madam
3 Secretary. You took people away who could
4 have been helping process claims and put them
5 out shutting businesses down or fining them.
6 That's not a priority for people who are
7 trying to put food on the table, trying to pay
8 their mortgage, car payments, put their kids
9 through college. But we have a state that
10 this governor has implemented that we're more
11 about punishing people than we are about
12 raising people up.

13 How about us start being partners
14 with the taxpayers of Pennsylvania?

15 Partnering with businesses to do the right
16 thing, and all those things we talk about
17 around here that government, quote, unquote,
18 can help you, won't need to be something we
19 need to do. It will be done.

20 You know, when I look at states like
21 Florida, Texas, Ohio, South Carolina, they
22 work bipartisanly to get a lot of these things
23 done. They have had no real problems with
24 their business community. The bankruptcies
25 aren't like Pennsylvania.

1 It's about management. This state's
2 spent a billion dollars every year for I don't
3 know how long now on IT. And yet, our IT
4 cannot process claims. I get the hands-on.
5 But you took people away from helping
6 process-- or people you could have put on
7 helping process those claims and sent them out
8 to punish people. Something you hadn't done
9 before.

10 How about us start partnering with
11 businesses? How about partnering with
12 taxpayers to do the right thing? You know, a
13 pandemic has presented a lot of challenges and
14 a lot of things that we've learned on both
15 sides of the aisle. But punishing people is
16 not the way to get through a pandemic.

17 We've lost a lot of jobs in this
18 state that aren't going to come back.
19 People've seen how other states handled it,
20 and they're thinking, you know what, this
21 isn't the last pandemic we're going to go
22 through. Nobody's kidding themselves. That's
23 the world of today. They're going to states
24 where they can create jobs, they can go to
25 work, be with their families without being

1 dictated to how to run their lives.

2 So, Madam Secretary, I think the
3 Department of Labor needs to be more business
4 friendly, less penalizing. We need to get our
5 act together, figure out a way that we can
6 work together to solve these problems, people
7 who still, since July of last year, haven't
8 gotten checks, April. There's no excuses, not
9 when you spend a billion dollars in this state
10 on computers and technology.

11 I understand that all billion dollars
12 isn't all the Department of Labor. And I'm
13 not blaming you, Madam Secretary, because
14 you're new to this, but the Department of
15 Labor, for far too long, has not been a friend
16 of the business community. It's been a
17 hampering to the business community.

18 DCED, Labor and others need to start
19 working together, not at opposite ends of each
20 other, to solve and help us create jobs in
21 this state. And I can guarantee you, Madam
22 Secretary, you want to take people out of
23 poverty, when you create competition for
24 people's work, salaries will rise.

25 So, with that, I thank you for coming

1 today. I really do appreciate that you came here
2 in person.

3 Deputy Secretary, I thank you as well.

4 But, again, I just -- I'm so tired, as a
5 former small business person, of government always
6 finding a way to hurt us, then saying, How can I
7 help you? Maybe you're doing something wrong, but
8 how can I help you solve that problem? Instead,
9 we're so quick to punish, rather than partnering to
10 solve problems.

11 So, with that, Madam Secretary, I do want
12 to thank you for coming today. I wish you the
13 best. Stay healthy, you and deputy secretary as
14 well.

15 And with that, we will adjourn this
16 hearing until tomorrow at 10:00 a.m., when we
17 have the Department of Health and Human
18 Services.

19 Thank you very much.

20 (Whereupon, the hearing concluded at
21 2:41 p.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true and accurate transcript, to the best of my ability, produced from audio on the said proceedings.

BRENDA J. PARDUN, RPR
Court Reporter
Notary Public