



**Written Testimony of Acting Secretary Jennifer Berrier
Department of Labor & Industry
Before House Appropriations Committee
March 2, 2021**

Chairman Saylor, Chairman Bradford, members of the Appropriations Committee, and other invited legislators, thank you for the opportunity to speak with you today about Governor Tom Wolf's proposed budget for the Department of Labor & Industry (L&I) for fiscal year 2021-2022.

Throughout his tenure, Governor Wolf has worked tirelessly to protect the interests and well-being of hardworking Pennsylvanians and their families. This is especially true in the past year, as the Governor has led this Commonwealth through the COVID-19 pandemic, a global crisis that has caused hardship on Pennsylvania workers, families, and businesses like no time since the 1930s. Governor Wolf's proposed budget confirms and strengthens his commitment to serve, support, and empower the people of Pennsylvania by building the most resilient workforce and the most dynamic state economy in the nation.

In collaboration with state agency partners, businesses, entrepreneurs, labor organizations, advocates, apprentices, and workers from all walks of life, L&I will continue to respond determinedly to the needs of Pennsylvanians through this COVID-19 crisis and strengthen our workforce development system through strategic investments and innovative partnerships.

For the 2021-2022 budget, the Department's request represents an increase in state appropriations of about 0.08 percent, or an increase of \$65,000 from the previous year, for a total state funding request of \$79,008,000. This request represents less than 1 percent of the overall state budget. State funds account for less than 6 percent of L&I's total funding. Federal dollars and other dedicated funds support most of the agency's work, but state funds are foundational to advancing this Department's efforts in enforcing state laws and spurring job creation. Without those state dollars, we would not be able to:

- Provide, expand, and improve unemployment services;
- Ensure workplace safety;
- Enforce our labor laws that protect workers, businesses, and consumers and ensure that law-abiding businesses thrive in a fair economic system;
- Construct an ecosystem of opportunity for hardworking Pennsylvanians and their families, and, in particular, our fellow citizens with disabilities; and

- Leverage the maximum amount of federal dollars possible to train the resilient workers, empower the dynamic businesses, and build the industries that make up our Pennsylvania economy.

This budget request also includes an increase of about \$220,000 for General Government Operations (GGO), which will go directly towards supporting deafblind Pennsylvanians throughout the commonwealth. Otherwise, the GGO line item is flat funded from the 2020-2021 request.

As you know, I assumed the role of Acting Secretary in December 2020 and am the fifth woman to serve in this role as secretary. It's also not lost on me that I am one of 10 who have experience working at this agency prior to assuming the Secretary role. I started my career in public service as an attorney in the chief counsel's office and eventually transitioned into an administrative role to lead the Bureau of Occupational and Industrial Safety and, most recently, serving as Deputy Secretary of Safety and Labor Management Relations.

For me, the mission of this department is personal, and not just because I have spent most of my career here. When I began working for the commonwealth, I had a second job to make ends meet. I worked my way through college and law school. I know what your body and mind feel like after a double shift. I know the anxiety that comes when the calendar page turns over, bills are due, and money is tight. But, all in all, I know I am one of the fortunate ones. Many others have had to taste the bitter fruit of hopelessness that comes from facing great economic uncertainty for so long. I have seen it consume people for whom I care deeply, as I know many of you have, too, especially during the last year. It drives me, as I know it drives the public servants of Labor & Industry.

The economic changes wrought by the pandemic exposed the precarious footing that many Pennsylvania workers balanced their livelihoods on prior to March 2020. Families with children were suddenly forced to reckon with the lack of childcare, while simultaneously expected to do their jobs. Mothers have faced the brunt of this consequence, and evidence shows unemployment levels continue to be higher for women than for men compared to the pre-pandemic baseline. Communities of color have disproportionately experienced joblessness and economic hardship, because they disproportionately work in occupations and industries affected most by the pandemic. The needs of our aging population – Pennsylvania has the eighth largest percentage of residents over 65 – have come front and center, and we realized the critical need for more direct care workers to support our elderly population. When customers took shelter from the virus, workers in the retail, hospitality and leisure industry faced enormous setbacks as their income was reduced or altogether eliminated.

These events, of course, did not happen gradually, as part of a so-called “normal” recession. Instead, they seemed to come crashing down all at once. L&I staff found themselves on the frontlines of the public health response as they helped furloughed,

laid off, and out-of-work employees access the safety net for unemployed workers through the administration of the Unemployment Compensation (UC) program. While they addressed that tidal wave of regular UC claims, UC staff also implemented federal legislation to establish five new unemployment programs, one of which, PUA, served a population of workers – independent contractors and gig workers – who previously had no formal interaction with the UC system. Before COVID-19, Pennsylvania’s UC staffing and funding levels were formulated for record-low unemployment. The abruptness of the pandemic’s economic impact caused unemployment levels to spike, UC claims to skyrocket, and the number of unemployment programs our staff administered to increase from one to six distinct but interconnected programs – each with their own regulations, eligibility requirements, benefit policies, and IT infrastructure that needed to be built from scratch. Whereas during the 2009 Great Recession, Pennsylvania’s unemployment rate doubled over 29 months, in 2020, the unemployment rate more than tripled in just two months. The 1.1 percent increase in the commonwealth’s unemployment rate between February (4.7 percent) and March 2020 (5.8 percent) was the largest month-over-month increase on record at the time. The month-over-month increase between March and April 2020 (16.1 percent) was nine times higher.

Put another way, during the Great Recession, L&I had 34 months, or 1,034 days, to adjust and address the unemployment crisis from valley to peak; during this pandemic, L&I had just two months, or fewer than 60 days, to absorb the impacts from an unemployment rate nearly two times graver than during the worst days of the Great Recession. This month marks one year since the surge began. In that time, L&I has processed over 5.2 million new unemployment claims for regular UC and the new federal Pandemic Unemployment Assistance (PUA) program: that is almost as many new claims as the previous nine years combined (2011-2019).

COVID-19 forced this department to adapt quickly to serve Pennsylvania workers and businesses in their time of greatest need. Within five business days of the closure of commonwealth office buildings on March 16, 2020, we shifted approximately 94 percent of our workforce to home-based operations on secure, virtual platforms. We transitioned our services to be delivered virtually, wherever possible, to mitigate against the spread of COVID-19 and protect the people we serve as well as our public servants. We automated manual processes and implemented new technologies to optimize our performance levels during the pandemic. Nothing about this came organically to us. However, by relying on years of experience, finding innovative workarounds, and pushing through with dedication and sheer grit, I am proud to say this department and its hardworking staff helped move Pennsylvania forward in the right direction.

We moved Pennsylvania forward by disbursing over \$36 billion in unemployment benefits to eligible Pennsylvanians since March 15, 2020, the most effective anti-poverty measure the commonwealth employed during this pandemic. For context, \$36 billion represents about 5 percent of Pennsylvania’s total gross domestic product (GDP) in 2019. That’s \$36 billion that went right back into Pennsylvania’s economy, as families paid mortgages and rent; bought food, medicine, and new shoes for their kids; and began the hard labor of getting back to work. We accomplished this by doubling our

customer service levels, responding to about 235,000 online chats, 1.1 million calls, and 2.2 million emails. We surged hiring for full-time staff in UC and brought on board additional support from other agencies and contractors. Today, we have about 1,760 individuals supporting UC, a 127 percent increase since March 15, 2020, and have plans to bring on additional support. We know your legislative staff have been on the front lines with us, fielding calls from anxious claimants, and we are grateful for their help in advocating for their constituents as we know it's not always easy to listen to their stories. We leveraged Artificial Intelligence (AI) technologies through Paula, our virtual assistant, which to date has addressed about 7.7 million conversations. We listened to feedback from our customers, offering callback features and are currently developing texting capability to make it easier for them to connect with us.

We moved Pennsylvania forward by working decisively to combat fraudsters' attempts to steal money from the federal PUA programs. We implemented front- and backend fraud detection measures and worked hand in hand with state and federal law enforcement to deter and catch fraudsters. We worked with an external vendor to sort through over 900,000 PUA claims that were marked for fraud, ascertained that about 14 percent of those were legitimate, and got those real people the money they deserved while continuing to target the fraudsters. We alerted Pennsylvanians, stakeholders, and the media about these attempts, especially when fraudsters were potentially using identities previously stolen from outside L&I to illegally attain PUA benefits.

We moved Pennsylvania forward by strategically and thoughtfully responding to the public health and economic impacts of COVID-19. This included coordinating outreach to customers that filed initial UC claims with a tailored menu of workforce services and training. We anticipated that the negative impacts of the digital divide would be felt even more acutely in both urban and rural communities across the commonwealth and urgently released a Digital Literacy Grant to bring 100 public computing and training labs in "digital deserts" across the state. We leveraged federal grant monies to implement social distancing measures at each PA CareerLink® site, expand Wi-Fi coverage, and modify service delivery to ensure the safety of our customers and employees. We deployed funding to engage AmeriCorps members in the commonwealth to join the newly established Commonwealth Civilian Coronavirus Corps to support contact tracing and conduct public health education. While we could not predict what would happen next with COVID-19, we took steps to make sure our customers were supported, and their needs were served even while their environments – and ours – were shifting beneath our feet.

This past year has seen unprecedented – and I know that word is overused, but it remains appropriate – changes for this commonwealth. It is impossible to anticipate the scope and frequency of future crises of this or similar magnitude, as the last of its kind occurred over 100 years ago from 1918-1920 in the form of the Spanish influenza. However, there are things that we can do, smart policies we can enact now, to ensure

Pennsylvania's workers and businesses are better prepared and can quickly adapt to whatever the future may bring.

The Governor's "Back to Work PA" plan directly puts investments into areas to address economic inequities, support workers impacted by the pandemic, bolster high-demand occupations, and create high-quality jobs with family-sustaining wages. L&I understands we have a key role to play working with other peer agencies.

We will make further investments in programs to enhance digital literacy skills that job seekers need to navigate the new economy. We will expand our pilot to rapidly connect UC claimants and other workers recently displaced by the pandemic with reskilling, upskilling, and other workforce training opportunities. We will offer individualized career coaching through our PA CareerLink® system and promote skill-based hiring. We will make improvements upon a proven apprenticeship model that is the envy of peer states and build a diverse pipeline into high-priority occupations like healthcare, manufacturing, and IT. These solutions do not require a crystal ball or messages of warning borne by travelers from the future. The immediate, short-term investments we make for Pennsylvania's workforce now can create long-term resiliency that will help to insulate both individuals and the commonwealth from a crisis like this in the future.

As legislators of this commonwealth, you know as well as I that Pennsylvanians are tough and resilient by nature. However, the potential for Pennsylvanians to thrive and contribute to our society is hindered by the substandard and unstable conditions we ask them to stand on today. It is time we raise the minimum wage to support hardworking Pennsylvanians and give them the best opportunity for a path to prosperity and success.

I can talk about how every other state that borders ours has a higher minimum wage or how in 2021, in the middle of a pandemic, 20 states already have increased their minimum wage. But I think what this pandemic brings into clear focus is the impact that raising the minimum wage would have in improving the lives of our essential workers, essential workers like your family members, neighbors, and friends, who have been on the frontlines of this pandemic for almost a year. We owe them a tremendous debt of gratitude for showing up to work, stocking the grocery shelves, and taking care of our loved ones while we were safe at home. Raising the minimum wage is the right thing to do for our workers and businesses and the smart thing to do for our economy.

Candidly, prior to becoming Acting Secretary, my primary focus was on overseeing labor laws, labor mediation, occupational and industrial safety, and disability determinations. On occasion, that work intersected with the other program areas that L&I oversees, including workforce development, UC, vocational rehabilitation, and workers' compensation. Over the past three months, I have listened intently to L&I staff, legislators such as yourselves, and our many stakeholders. These conversations have

informed my thinking about the work we have done and the work that needs to be done to meet the needs of millions of Pennsylvanians who depend on our programs.

Indeed, much has changed at Labor & Industry since my predecessor spoke with you last February, but our commitment to serving the people of this commonwealth remains resolute. While the women and men of Labor & Industry have served the people of Pennsylvania through this crisis, we have adapted, we have learned, and we are pivoting to focus on the future and how to help build robust and responsive systems of service that give Pennsylvania workers and businesses the tools to be resilient and successful in the years to come.

We ensure Pennsylvania apartments, offices, elevators, boilers, and schools are safe to operate and safe from hazardous materials like lead and asbestos. We safeguard the stuffed toys your children and grandchildren play with. We make sure that the pay you are promised is the pay you receive and that you receive it on time and as scheduled and your labor is compensated according to the laws of this commonwealth. We work to understand and anticipate the changes in the economy and labor market with data so that we can equip Pennsylvania workers and businesses to be ready to seize the opportunities that lie just over the horizon. We ensure insurance coverage for employees who are injured in the workplace. We help people with disabilities find viable pathways to employment, including about 7,000 in fiscal year 2020-21. We encourage community service through 1,300 AmeriCorps members who make active contributions in local communities across the commonwealth.

I am incredibly proud of the public servants who have kept these programs – and so much more – running through this pandemic, including the many who have sacrificed their weekends, evenings, and holidays to make certain we meet our mandates and serve those Pennsylvanians most affected by this pandemic.

We know there is always room for improvement. This department welcomes feedback, takes it constructively, and does not shy away from hard work. The women and men of L&I work here because we know, sometimes through personal experience, the vital services and protections provided by it. Our UC claims representatives work longer hours around the holidays, because they know that if they can process one more claim before going home to their families, it means one more family might have a happier Christmas. And when the state began to shut down last year because we didn't know where or how fast COVID-19 was spreading, and we asked for volunteers to physically go into the UC Service Centers to answer the phones and process the claims of a rising tide of unemployed Pennsylvanians, *more people volunteered than were needed*. That, I think you will agree, is the best of public service: the instinct to move towards danger when people are in need.

To be sure, some of the changes to our workforce and in the workplace brought on by this pandemic are here to stay. Like many businesses, for example, L&I has identified potential cost savings and significant workflow efficiencies thanks to the rapid transition to work from home effected in the spring of 2020. Remarkably, we collectively have had

greater output than at any point in the history of this agency while doing it remotely. L&I is now well into its second century of existence. Many of the needs that led to the creation of this Department in 1913 persist today and other new needs have emerged throughout our history. We look forward to addressing the needs of our fellow Pennsylvanians both now and in the future.

Chairman Saylor, Chairman Bradford, and members of the General Assembly, I thank you for the opportunity to testify on behalf of this agency. I have no doubt that working together, Pennsylvania can achieve a budget that will support workers and businesses during this challenging period in our history. Executive Deputy Secretary Bob O'Brien and I are ready to take your questions at this time.