



**Written Testimony of Secretary W. Gerard Oleksiak
Department of Labor & Industry
Senate Intergovernmental Operations Committee
October 9, 2020**

Good morning, Chairman Mastriano, Chairman Fontana, and members of the Senate Intergovernmental Operations Committee. I appreciate the opportunity to provide the Department of Labor and Industry's (Department) perspective on Senate Bill 1131. This bill has significant, wide-ranging implications regarding the organization of government in the Commonwealth of Pennsylvania, however my comments today will focus on the impact to the Department of Labor & Industry.

The Department of Labor & Industry has significant concerns with Senate Bill 1131.

SB 1131 shifts the focus of the Department of Labor & Industry from balancing the legitimate concerns of both laborers and industry, to advocating for the needs of industry over laborers.

The Department of Labor and Industry has a long and storied history of advocating for the rights of workers throughout the Commonwealth, by enforcing safety standards in the workplace, preparing new job seekers with skills for the 21st century economy, and providing benefits such as unemployment and worker's compensation. We also support business and industry across the Commonwealth by promoting economic development and a dynamic business environment to keep Pennsylvania competitive in a global marketplace. The COVID-19 pandemic and related impact to both workers and businesses has only highlighted the importance of the Department's work throughout the Commonwealth. SB 1131 and the memo from Senator Mastriano make it clear that the focus of the Department of Business, Tourism and Workforce Development would be to take the complex missions of the Department of Community and Economic Development (DCED), the Department of State (DOS), and the Department and "refocus[es] current agencies into the singular mission of private sector job growth and sends the message that Pennsylvania is open for business." That cannot and should not be the "singular mission" of the particular agencies listed and particularly not the "singular mission" of the Department of Labor & Industry.

SB 1131 is vague and does not consider the vast duties and responsibilities of the Department's six deputates.

The Department is currently organized into six deputates: Administration, Unemployment Compensation, Compensation and Insurance, Workforce Development, Safety and Labor-Management Relations, and the Office of Vocational Rehabilitation. These deputates administer a variety of essential services for the citizens of

Pennsylvania, many of which are being utilized heavily during the COVID-19 crisis, such as Unemployment Compensation, Workers' Compensation, and the Bureau of Disability Determination. Many of these programs are federally authorized and federally funded. In fact, well over 90% of our agency's funding comes from federal sources. These programs are deep-seated in the agency's framework and structure, along with their operational costs. SB 1131 implies that the Department's only focus is on workforce development, which is a complex system in its own right, but does not match the size and scope of other program areas. SB 1131 does not consider all of the other large and intricate systems and programs the Department oversees, outside of workforce development, and will disadvantage millions of Pennsylvanians.

SB 1131 would divide the Department into four bureaus: Safety and Labor-Management Relations, Occupational and Vocational Rehabilitation, Trust Fund Management, and Business Finance and Workforce Development. It is unclear how the six current deputates within the Department would be folded into these new four bureaus because the bill does not delineate the process of how this would be accomplished. Rather, the bill charges the Governor to contract with a third party or execute a memorandum of understanding with the Joint State Government Commission, to create a strategic plan within 210 days. In normal times, this aggressive timeline would be of concern to the Department. There are necessary factors that need to be considered like hiring and training new employees, or re-training current ones on new policies. It would take additional time to identify the basic nuances of each program that would be transferred and any necessary changes to be federally compliant. The Department has concerns that this timeline does not take these concerns into account. Additionally, as the members of the Committee know, we do not live in normal times.

It is not the time to reorganize critical governmental agencies while the commonwealth is experiencing a pandemic and government services are being used at unprecedented rates.

Over the past seven months, the Department has dealt with the severe effects that COVID-19 has had on the Commonwealth, and the increased use of program areas administered by the Department, such as seeing unprecedented rates of Unemployment Compensation claims.

Over the last few months alone, valuable staff time has been devoted to stand up and implement a variety of new federal programs that have been mandated by the federal government either through the CARES Act or Executive Action. These programs, notably Pandemic Unemployment Assistance (PUA), Federal Pandemic Unemployment Compensation (FPUC), Pandemic Emergency Unemployment Protection (PEUC), and Lost Wage Assistance (LWA) have provided tens of billions of dollars in invaluable support to Pennsylvanians in need. However, significant staff time and resources have been devoted to running and maintaining these programs. This has been an additional challenge due to the rapid shift to working from home in order to keep staff safe and healthy.

As the committee is aware, staff reallocation has already led to other Department priorities being delayed, such as the implementation of the Benefit-Modernization System for Unemployment Compensation. Thus, while in normal times the Department would have deep concerns regarding the aggressive timeline and necessary devotion of staff resources to determine how to consolidate its functions due to Senate Bill 1131's vagueness, during the COVID-19 crisis the Department believes it would be irresponsible to devote additional staff time and resources to thinking of how to cut Department services to vulnerable Pennsylvanians.

This bill is vague at best, misguided in the name of government reform, when all it does is provide unnecessarily confusing government to Pennsylvanians during a pandemic. The Department has serious concerns about this bill's impact on the populations we serve. Depending on the details of the reorganization plan, there may be legal concerns related to the consolidation of functions that must also be reviewed to identify barriers to implementing the proposed changes. Now is not the time for "reform" in name only. Now is the time to focus on protecting the health and safety of our workers, especially frontline workers, acknowledging their sacrifices by advocating for hazard pay, providing unemployment assistance during a pandemic and recession, and ensuring citizens with disabilities receive adequate services.

I thank you again for the opportunity to comment on Senate Bill 1131.