

# Pennsylvania UC System Must Be Rebuilt Strategically After the Pandemic and Benefits Modernization

## Pennsylvania's UC System Has Been Battered, Requires Rebuild

Traditionally, Pennsylvania's Unemployment Compensation (UC) system was simple and effective. An unemployed worker went to an "unemployment office," filed a claim, and got about the business of finding a new job. Along with declining administrative funding, that system started to erode at the beginning of this century. First, the local offices were replaced by centralized UC Service Centers, requiring unemployed workers to try to be able to get through a phone system that was often jammed for days or longer. Then, the UC Service Centers in Philadelphia and Allentown were closed, meaning that urban workers' claims were seldom adjudicated by people familiar with their lives.

However, the deficiencies of the UC system have gotten immeasurably worse since March 2020.

- **The pandemic volume of claims, new programs and other operational challenges** strained the system to its limits and past. Many of the system's old reliable values, including access, timeliness, and due process, have been badly eroded, with no apparent plans to restore them being discussed publicly by the PA Department of Labor & Industry (DLI).
- **Benefits Modernization was implemented in June 2021**, presenting separate formidable barriers to UC reciprocity. In many respects, the "BenMod" software (known as "Geographic Solutions Unemployment System," or "GUS") simply does not work. It also screens out UC claimants who lack necessary technology or know-how to use it. Because the product is described as a "Commercial Off-the-Shelf" system, Geographic Solutions, Inc. (GSI), the state's contractor, seems loathe to make needed changes.
- **Fraud** became DLI's biggest concern. Fraud prevention led to the system-wide adoption of identity verification through **ID.me**, more technology that slammed the door on a significant percentage of claimants.

Pennsylvania's unemployed workers have paid and continue to pay a staggering cost.

- **Technology barriers** presented by GUS and ID.me's software prevent unemployed people who are eligible for UC benefits from getting them. A person who lacks technology or ability to use it faces an uphill battle to get benefits, because of the limited options for getting past the layers of barriers.
- **Communications** between unemployed workers and DLI are ever more unavailable or ineffective, even as they are more needed. Claimants continue to dial their phones all day hoping against hope that DLI will answer their call or send messages that are not answered for months.
- **Timeliness** is a thing of the past, despite being one of the central features of the original design of the UC program during the Great Depression. DLI Secretary Berrier recently testified in a legislative hearing that fraud report reviews could take several months and determining eligibility for unemployment typically takes six to eight weeks.
- **Equity** is undermined, when many staff display a lack of cultural competency or understanding of persons of color or urban claimants. This issue was experienced firsthand by PUA applicants who established eligibility under the federal rules but whose work history was different than the more traditional UC claimant.



These issues not only reflect policy and operations failures; they also violate legal requirements that include due process and payment of benefits “when due.” The challenge is to identify strategies that will most effectively rectify these daunting systemic problems. This paper recommends possible solutions.

## **#1: Open Hiring to All Parts of the State, Especially Philadelphia and Other Urban Areas**

Currently, UC Service Centers exist only in Altoona, Duquesne, Erie, Indiana, and Scranton. But as DLI’s workers have worked remotely during the pandemic, hiring people in other parts of the state is not only feasible, but advisable. Given that DLI repeatedly has bemoaned its difficulty filling vacancies, opening hiring would have several salutary effects.

- **Greatly expand the applicant pool.** Currently, few of DLI’s staff are working out of the southeast part of the state, the most populous area.
- **Expand desperately needed administrative resources by filing vacancies.** Having more staff would alleviate the communications and timeliness imperatives discussed below.
- **Improve systems equity for claimants.** People from the Southeast, especially minority workers, would have a fairer chance of having their claims adjudicated by someone sharing their experiences. It also would permit greater recruitment of bilingual staff.
- **Improve employment fairness.** The southeast part of the state should not continue to be excluded from these employment opportunities.

## **#2 Fix BenMod Flaws**

The work of implementing BenMod is far from over. GSI must make crucial fixes to GUS, include the following.

- **Barriers to filing new applications and weekly claims** must be identified and eliminated.
- **Eliminate “the loop”** that has frustrated claimants forced to laboriously reinsert their application information, only to return to the same starting point over and over.
- **Create a better process for people to recover their Keystone ID or password.** DLI has provided an option on its telephone tree meant to be a shortcut for retrieving and resetting this information when its online option does not suffice. However, people attempting to access this option encounter the same busy signals as everyone else.
- **Eliminate unnecessary questions and improve confusing ones** in applications and weekly claims. The vast increase in information sought is a major reason why applicants struggle to complete the application and erroneously answer questions that stand in the way of their benefits.
- **Improve questionnaires demanded for multiple employers** in the claimant’s base year. The questionnaires do not even indicate which employer they are for (nor can the claimant insert that information).
- **Redesign determinations to provide individualized factfinding.** Current determinations provide just the highest overview of why benefits are being denied (or paid). They are useless for framing the issues on appeal and *violate due process*.

### #3 Provide More Effective Communications

- **Claimants must be able to speak to adjudicators and technology specialists.** This need is even more vital since the system has become primarily technology based. Staff specializing in clearing technology barriers should be provided. What people do not need is a call to get a ticket number.
- **Text messaging to alert claimants of vital communications** is essential. Too many workers are losing benefits because they do not know of a deadline they have been given to provide information or, more inflexibly, to appeal a disqualifying determination.
- **Eliminate communication through portal-only messages.** See above.
- **Retain mail communication as an option.** Although the problems of the US Postal Service make mail far from the best option, it is the only real option for those workers without technology.
- **Clearly and accurately communicate repayment obligations for non-fault overpayments.** Current communication from DLI suggests that people are required to repay benefits received because of non-fault reasons, which is simply not true as a matter of Pennsylvania law and which causes extreme anxiety among many claimants. DLI must correct this violation of due process.

### #4 Reform Identity Verification

As noted in CLS's issue brief *ID.me Presents Barriers for Low Income People Seeking Unemployment Insurance and Other Government Benefits*, ID.me's process is screening out low-income people, seniors and immigrants from getting UC. Reforming the ID.me process is an essential step towards equity.

- **Remove ID.me from the middle of the UC application.** People should be able to submit an application before they struggle with ID.me. Changing the ordering would alleviate discouragement of applicants and parse out which and how many applications are prevented from going forward by unsuccessful ID.me attempts.
- **Build upon the ID.me workaround in the CareerLinks.** ID.me cannot be the be-all and end-all for people who cannot master it. DLI's alternative in-person verification option with its front-end in the CareerLinks is an essential component of DLI's overall identify verification process.
  - Co-locate UC staff in all Career Links on a regular basis, not just as travelling staff.
  - Train and support CareerLink staff in the process.
  - **Publicize the existence of this workaround.** To date, not a single website or social media post has made the public aware of this workaround. It goes without saying that this combined ID.me/CareerLink system only works if the public knows about the latter part.
- **Contract for the most technical assistance for claimants that ID.me prepares to sell.** As ID.me improves its product and makes more in-person assistance available, DLI must invest in it.
- **Investigate elimination of the facial recognition component of the ID.me process.** The Internal Revenue Service abandoned this part of ID.me when faced with public outcry over racial and gender biases of face-analyzing systems, privacy concerns, and technical glitches. DLI should examine this issue to determine whether it should follow the IRS's lead.
- **Issue policy to make clear to staff that the goal of using ID.me is to determine whether the person is who they say they are,** not whether they can produce perfect identity verification paperwork or successfully use a complex computer app. Referees should be instructed that in appeal hearings, the issue is verifying identity by a preponderance of the evidence produced, not whether the claimant has effectively used ID.me.

## #5 Make A Plan to Work Towards Timeliness Compliance

The Social Security Act requires that UC benefits be paid “when due.” 42 U.S.C. § 503(a)(1). This requirement means that benefits are to be paid “with the greatest promptness administratively feasible.” 20 C.F.R. §§ 640.3(a), 650.3(a).

Federal regulations establish specific numerical benchmarks for compliance with the timeliness requirement at each level of decision making. As Pennsylvania is a waiting week state, DLI is in compliance for initial determinations if 87% of first payments of UC benefits are issued within 14 days and 93% are issued within 35 days. 20 C.F.R. § 640.5. Appeals timeliness compliance is achieved if at least 60% of first-level appeals are decided within 30 days of the filing of the appeal and 80% are decided within 45 days. 20 C.F.R. § 650.4(b).

Understandably, the pandemic temporarily made these standards unworkable. But it did not eliminate them; they remain the benchmarks for which DLI must strive.

- **Automate payments to be made on initial UC claims when employers have not contested them within the permitted period.** The best way to move towards compliance with initial claim benchmarks is to pay uncontested claims as soon as possible. Moreover, there is no reason whatever not to, to alleviate hardship for Pennsylvania’s unemployed workers.
- **Operationalize prompt payment of benefits awarded in appeals decisions.** It is not usual for months to pass before payment, even with pushing from advocates.
- **Prepare realistic corrective action plans.** Include claims projections, strategies, staffing plans, and target dates.
- **Identify and remedy categories of cases that have been deprioritized.** For instance, backdating for both UC and PUA claims have become black holes. The latter should be easy, because of the broad backdating discretion provided by federal law.

## #6 Design Data Collection and Provide Transparency

Data collection should have been central to major systems changes like BenMod and ID.me. However, very little data that would permit a hard look at the functioning of the software and other administrative processes is being collected. Now is the time to start, requiring the cooperation of DLI’s vendors (GSI and ID.me).

- **Provide monthly data on barriers to payment of benefits.** This should include numbers of user attempts that fail at each step of the GUS and ID.me processes.
- **Data must be made publicly available.** Some state unemployment insurance programs have public facing data dashboards.

## **#7 Implement Mass Waivers of Non-Fraud Overpayments in Federal Programs**

Implementing the processes described in Unemployment Insurance Program Letters (UIPL) Update -- UIPL 20-21, Change 1 will eliminate stress on Pennsylvanians who received pandemic benefits for reasons other than fraud and reduce resources in DLI that otherwise would be spent on waiver requests.

To be sure, the pandemic placed unprecedented stress on the UC system, its management, its workers, and its contractors. Together, they did a remarkable job of disbursing billions of dollars of UC and PUA benefits that were vital to keeping the Commonwealth and its unemployed workers afloat during the first two years of the pandemic. But there was collateral damage, with large numbers of Pennsylvanians encountering the barriers described here. Although the sheer number of specific corrective actions suggested here may seem daunting, these strategies would address the wide range of issues still plaguing the UC system and ameliorate the hardships still faced by unemployed Pennsylvanians.

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