



**Written Testimony of Secretary W. Gerald Oleksiak
Department of Labor & Industry
Before House Labor & Industry Committee
September 17, 2020**

Good morning, Chairman Cox, Chairman Harkins, and members of the Labor & Industry Committee. I appreciate the opportunity to update you on the significant progress that the Department of Labor & Industry (L&I) has made on moving away from our decades-old reliance on an antiquated mainframe system that has been the technological lynchpin to the administration of the commonwealth's unemployment compensation (UC) system. This initiative is referred to as the "Benefits Modernization" project or "BenMod."

As you know, L&I's first modernization effort to implement an enterprise UC system was unsuccessful. Because that matter is now in litigation, we cannot comment further on the issue. In 2016, L&I put out a new Request For Proposals (RFP) for UC Benefits Modernization. In 2017, Geographic Solutions, Inc. (GSI) was selected as the vendor with the "best value" for the contract and work on BenMod launched in August of that year with an initial go-live date of April 2019. In December 2017, the Benefits Modernization Advisory Committee was created under Act 60 to monitor, assess, and counsel all stakeholders on BenMod's implementation. Last year, we determined that GSI's initial schedule for April 2019 was too ambitious and, with the support of the BenMod Advisory Committee, made the decision with GSI to push back the go-live date to October 2020.

Of course, at the time, we did not – and could not – anticipate the global pandemic and its unprecedented operational and administrative effects on the commonwealth's UC system. We have kept you updated throughout the pandemic and we know you are familiar with many of those challenges, but they bear repeating. Since March 2020, L&I has responded to the most significant unemployment crisis since the Great Depression and today, Pennsylvania's unemployment rate remains in double-digits. The pandemic has put tremendous strain on our staff's capacity to process claims and this has continued even as we have found additional staffing support. In fact, since March, we have more than doubled the staffing levels for our UC Service Centers. This has drastically improved our ability to respond to emails, phone calls, and chats, but ultimately it is a math problem: a person can only write so many emails or answer so many complex calls a day.

While we were relocating, increasing, and training staff, we simultaneously implemented complex legislation as part of the federal CARES Act. This included Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and the Pandemic Emergency Unemployment Compensation (PEUC). While all these legislative pieces have diverted staff time and resources away from BenMod, PUA has

remained by far the most challenging and labor-intensive as we work with GSI, our BenMod vendor, to implement a standalone system, deliver system functionality, and combat a sophisticated fraud scheme. one that affected states across the country as well as Pennsylvania. Most recently, we have had to divert staff and vendor resources to implement another entirely new IT system for the president's Lost Wages Assistance (LWA) program that provides only six weeks of reduced benefits to qualifying Pennsylvanians. We started making LWA payments to claimants two weeks ago, just one month after the program was announced.

All this amounts to what industry experts refer to as "unplanned scope," putting additional resource constraints on our core BenMod staff and the vendor, GSI. Rest assured, UC staff have done their best to continue to move BenMod forward while processing a historic number of claims, and building from scratch and implementing four completely new federal programs.

So, where are we today with BenMod? In January 2020, we initiated User Acceptance Testing, or UAT. UAT is an important milestone in the implementation of any new IT system. Initially, we launched UAT with over 70 testers but because of the pandemic, more than half were reallocated to support the dramatic increase in claims volume, which left about 20 testers to continue UAT. Thus far, we have successfully executed over 9,600 tests in UAT and 1,300 tests with converted data. Additionally, our monthly data conversions have continued apace. And our staff has begun training on the new system. We are proud of the achievements we've made so far on BenMod during this pandemic against incredible odds.

However, we also know that for the system to be absolutely ready to go-live, we must complete our due diligence and take into account the critical tasks yet outstanding, the anticipated impact on claimants, and this new historically high unemployment environment. Well before this House hearing was scheduled for today, our project manager vendor set up what is commonly referred to in the IT industry as a "Go/No Go" meeting for Monday, September 21; this meeting will convene L&I and OIT leadership to decide whether L&I can and will launch the system on October 5.

At this Go/No Go meeting, we will consider input from our various key stakeholders, including members of the legislature and the BenMod Advisory Committee. We will raise important questions: whether we will have the hardware properly configured to account for the increased claims we have absorbed during the pandemic; the status of end-to-end interface and load testing; training of UC staff; the quality of converted data to be available for testing, among other critical components. We recognize that after much deliberation, the BenMod Advisory Committee in early September made the recommendation to postpone the October BenMod go-live date. Among their concerns was UC's ability to continue to process and pay out the unprecedented number of new and continuing claims through the transition between old and new systems while we are in this pandemic. We are doing our best to make sure every eligible claimant receives their benefits during this unemployment crisis. As of September 10, we have paid or deemed ineligible about 97% of all claims received between March 15 and August 10.

But we are also mindful of the very human impact that implementing a new system would have in the midst of one of the worst unemployment crises in Pennsylvania's history.

We are weighing all these considerations as we prepare for the Go/No Go meeting. We are working with our system integrator, GSI, and project management team to ensure they give us a realistic and accurate assessment of the project schedule. We are daily consulting with stakeholders and staff to gather their inputs into our decision-making.

Make no mistake, our commitment to BenMod is unwavering. For years, our staff have been patiently awaiting a move away from a time- and labor-intensive mainframe environment. Our stakeholders have long been ready for change. And we owe it to Pennsylvanians to ensure their years-long investment in modernizing the UC system bears fruit with the level of functionality they expect in the 21st century.

Thank you for the opportunity to speak to you today. I, along with Executive Deputy Secretary Bob O'Brien, UC Deputy Secretary Bill Trusky, and Chief Information Officer David Naisby, will be happy to take your questions at this time.