

# Performance-Based Budget

---

## DEPARTMENT OF LABOR AND INDUSTRY



Commonwealth of Pennsylvania  
Independent Fiscal Office  
January 2022



## **Independent Fiscal Office**

Rachel Carson State Office Building  
400 Market Street  
Harrisburg, PA 17105

717-230-8293 | [contact@ifo.state.pa.us](mailto:contact@ifo.state.pa.us) | [www.ifo.state.pa.us](http://www.ifo.state.pa.us)



## **Staff Acknowledgements**

Mathieu Taylor, Fiscal Analyst II  
Joseph Shockey, Revenue Analyst II

Staff Contact: [mtaylor@ifo.state.pa.us](mailto:mtaylor@ifo.state.pa.us)

- This page intentionally left blank. -



## INDEPENDENT FISCAL OFFICE

January 19, 2022

The Honorable Members of the Pennsylvania Performance-Based Budget Board:

Act 48 of 2017 specifies that the Independent Fiscal Office (IFO) shall "review agency performance-based budget information and develop an agency performance-based budget plan for agencies subject to a performance-based budget review." This review "shall be completed in a timely manner and submitted by the IFO to the board for review."

This report contains the review for the Department of Labor and Industry. All performance-based budget (PBB) reviews submitted to the Board contain the following content for each activity or service provided by the agency:

- a brief description of the activity, relevant goals and outcomes;
- a breakdown of agency expenditures;
- the number of full-time equivalent positions dedicated to the activity;
- select currently available metrics and descriptive statistics;
- any proposed metrics that the review recommends; and
- observations that should allow agencies to more effectively attain their stated goals and objectives.

The IFO submits this review for consideration by the PBB Board. The agency received a draft version of this review and was invited to submit a formal response. If submitted, the response appears in the Appendix to this review. The IFO would like to thank the agency staff that provided considerable input to this review.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel".

Dr. Matthew J. Knittel  
Director

- This page intentionally left blank. –

# Table of Contents

---

Background on Performance-Based Budgeting .....	1
Department of Labor and Industry Overview .....	3
Activity 1: Unemployment Compensation Benefits .....	9
Activity 2: Unemployment Compensation Tax Services .....	17
Activity 3: Unemployment Compensation Appeals .....	21
Activity 4: Workforce Development .....	23
Activity 5: Apprenticeship and Training Office .....	27
Activity 6: Vocational Rehabilitation.....	31
Activity 7: Disability Determination.....	35
Activity 8: Workers' Compensation Administration .....	39
Activity 9: Workers' Comp. Adjudication and Appeals .....	45
Activity 10: State Workers' Insurance Fund.....	47
Activity 11: Occupational and Industrial Safety .....	49
Activity 12: Labor Law Compliance.....	53
Activity 13: Labor Mediation and Relations .....	57
Activity 14: PennSERVE .....	59
Activity 15: Administration and Support.....	61
Appendix.....	63
Performance-Based Budgeting and Tax Credit Review Schedule .....	63
Agency Response .....	64

- This page intentionally left blank. -



# Background on Performance-Based Budgeting

Act 48 of 2017 is known as the Performance-Based Budgeting and Tax Credit Efficiency Act. The act requires the Independent Fiscal Office (IFO) to develop performance-based budget (PBB) plans for all agencies under the Governor's jurisdiction once every five years based on a schedule agreed to by the Secretary of the Budget and the Director of the IFO. The act directs the IFO to evaluate and develop performance measures for each agency program or line item appropriation. As determined by the IFO to be applicable, the measures shall include the following: outcome-based measures, efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes or performance benchmarks against similar state programs or similar programs of other states or jurisdictions.

The act requires the IFO to submit plans to the PBB Board for review and approval. The PBB Board reviews plans at a public hearing at which agency heads or their representative must attend to offer additional explanations if requested. The PBB Board has 45 days after submission to approve or disapprove plans.

A performance-based budget differs from a traditional budget in several key respects. The main differences are summarized by this table:

Traditional versus Performance-Based Budget		
Criteria	Traditional Budget	Performance Budget
Organizational Structure	Line Items or Programs	Agency Activities
Funds Used	Appropriated Amounts	Actual Expenditures
Employees	Authorized Complement	Actual Filled Complement
Needs Assessment	Incremental, Use Prior Year	Prospective, Outcome-Based

The plans track funds based on agency activities because they can be more readily linked to measures that track progress towards goals, objectives and ultimate outcomes. Activities are the specific services an agency provides to a defined service population in order to achieve desired outcomes. Activity measures can take various forms: inputs (funding levels, number of employees), outputs (workloads), efficiency (cost ratios, time to complete tasks), outcomes (effectiveness), benchmark comparisons to other states and descriptive statistics. The final category includes a broad range of metrics that provide insights into the work performed by an agency and the services provided. Those metrics supply background, context and support for other metrics, and they may not be readily linked to efficiency or outcome measures. The inclusion of such measures supports the broader purpose of the PBB plans: to facilitate a more informed discussion regarding agency operations and how they impact state residents.

*Note: Unless otherwise noted, performance metrics used in this report were supplied by the agency under review. Those data appear as submitted by the agency and the IFO has not reviewed them for accuracy. For certain years, data are not available (e.g., due to a lag in reporting). In those cases, "--" denotes missing data. All data related to expenditures and employees are from the state accounting system and have been verified by the IFO and confirmed by the agency.*

- This page intentionally left blank. -

# Department of Labor and Industry Overview

## Mission Statement

Our mission is to foster a workforce system that improves quality of life and promotes economic prosperity; encourages labor-management cooperation; ensures safety, accessibility, independence, and financial stability; and prepares the Commonwealth's workforce for the jobs of today and tomorrow. Our diverse team of compassionate, respectful, and hardworking public servants partners with labor and industry to consistently meet their needs in a fair, ethical, fiscally responsible, and responsive manner.

## Services Provided

For this report, services provided by the department are classified into 15 general activities.

Department of Labor and Industry: Activities and Primary Services Provided	
Activity	Primary Service
1 Unemployment Comp. Benefits.....	Provide income support to unemployed workers
2 Unemployment Comp. Tax Services.....	Collect unemployment compensation taxes
3 Unemployment Comp. Appeals.....	Review appeals related to unemployment comp.
4 Workforce Development.....	Provide job training and employment services
5 Apprenticeship and Training Office.....	Support the expansion of apprenticeship programs
6 Vocational Rehabilitation.....	Assist disabled citizens with employment services
7 Disability Determination.....	Review and determine disability applications
8 Workers' Comp. Admin.....	Administer workers' comp. programs and funds
9 Workers' Comp. Adjudication and Appeals....	Review appeals related to workers' compensation
10 State Workers' Insurance Fund.....	Provide an assured source of workers' comp. coverage
11 Occupational and Industrial Safety.....	Enforce building and equipment safety laws
12 Labor Law Compliance.....	Enforce fair labor laws
13 Labor Mediation and Relations.....	Provide oversight of labor-management relations
14 PennSERVE.....	Support expansion of volunteer services
15 Administration and Support.....	Provide organizational leadership and support

Average Weekly Full-Time Equivalent (FTE) Positions by Activity						
	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
Unemployment Comp. Benefits	812	734	768	842	1,033	1,030
Workforce Development	409	386	364	414	430	509
Vocational Rehabilitation	989	965	946	905	870	1,032
Disability Determination	622	592	573	624	661	768
State Workers' Insurance Fund	221	217	212	211	199	231
Administration and Support	428	175	172	175	173	214
Other	<u>892</u>	<u>829</u>	<u>825</u>	<u>826</u>	<u>800</u>	<u>891</u>
<b>Total</b>	<b>4,374</b>	<b>3,897</b>	<b>3,860</b>	<b>3,997</b>	<b>4,166</b>	<b>4,675</b>

### Department of Labor and Industry Expenditures by Fiscal Year

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditure by Activity</b>						
UC Benefits	\$78.4	\$74.2	\$76.1	\$96.1	\$150.5	\$299.3
Workforce Development	198.5	188.1	199.5	207.7	195.5	446.3
Vocational Rehabilitation	210.3	204.3	200.6	149.2	146.1	244.1
Disability Determination	117.2	117.3	116.3	115.3	120.5	149.3
State Workers' Insurance Fund	238.7	223.2	201.2	173.7	150.0	145.5
Administration and Support	98.7	88.3	117.4	118.0	121.4	152.6
Other	<u>127.3</u>	<u>123.7</u>	<u>121.5</u>	<u>125.0</u>	<u>128.7</u>	<u>172.0</u>
<b>Total</b>	<b>1,069.1</b>	<b>1,019.1</b>	<b>1,032.6</b>	<b>985.0</b>	<b>1,012.7</b>	<b>1,609.1</b>
<b>Expenditures by Object</b>						
Personnel Services	\$424.8	\$405.9	\$393.6	\$413.2	\$458.3	\$492.6
Operational Expenses	276.3	270.9	304.9	258.4	296.7	672.0
Fixed Assets Expense	1.1	0.8	0.7	0.9	0.7	3.7
Debt Service/Investments	5.0	7.5	0.0	0.0	0.0	0.0
Grants	361.8	333.9	333.3	312.0	279.1	419.4
Other <sup>1</sup>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.5</u>	<u>-22.0</u>	<u>21.4</u>
<b>Total</b>	<b>1,069.1</b>	<b>1,019.1</b>	<b>1,032.6</b>	<b>985.0</b>	<b>1,012.7</b>	<b>1,609.1</b>
<b>Expenditures by Fund</b>						
General Fund (State) <sup>2</sup>	\$33.6	\$23.6	\$22.2	\$24.3	\$20.0	\$31.1
General Fund (Augmentations)	0.2	6.5	7.2	10.0	10.1	10.1
General Fund (Federal)	259.1	253.2	284.2	283.2	278.6	536.6
General Fund (Restricted)	1.2	0.9	1.1	1.4	2.0	2.1
Special Administration Fund	14.3	0.7	8.8	3.8	6.0	25.0
Vocational Rehabilitation Fund	196.8	192.4	190.8	143.1	137.2	229.8
Administration Fund	168.3	181.1	187.7	226.7	301.0	470.1
Employment Fund for the Blind	0.6	0.5	0.4	0.3	0.1	0.9
UC Contribution Fund	46.0	29.0	33.6	17.2	9.4	29.6
Workmen's Comp. Admin. Fund	74.0	72.3	63.9	65.7	63.2	75.8
State Worker's Insurance Fund	251.6	235.6	210.8	191.7	164.1	174.6
Rehabilitation Center Fund	<u>23.2</u>	<u>23.1</u>	<u>21.7</u>	<u>17.7</u>	<u>20.5</u>	<u>22.3</u>
<b>Total<sup>3</sup></b>	<b>1,069.1</b>	<b>1,019.1</b>	<b>1,032.6</b>	<b>985.0</b>	<b>1,012.7</b>	<b>1,609.1</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$97.1</b>	<b>\$104.2</b>	<b>\$102.0</b>	<b>\$103.4</b>	<b>\$110.0</b>	<b>\$105.4</b>

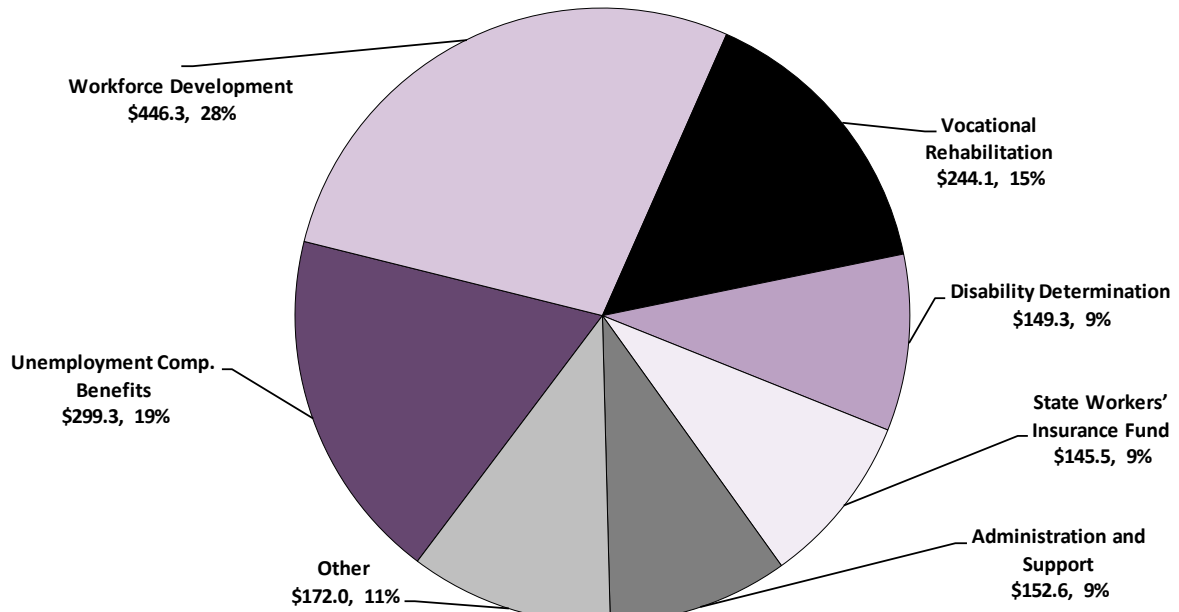
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded. FTE stands for Full-Time Equivalent.

1 Other includes non-expense and/or miscellaneous expense transfer expenditures.

2 Does not include the General Fund transfer to the Vocational Rehabilitation fund to avoid double counting. In FY 21-22, the transfer is \$47.9 million.

3 Total may include small other special fund expenditures.

### Expenditures by Activity (FY 2021-22 Budget)



Note: Expenditures in dollar millions.

Appropriations	UC Benefits	Workforce Dev.	Voc. Rehab	Disability Deter.	SWIF	Other	Total
<b>General Fund (State)<sup>1</sup></b>	--	<b>\$4.3</b>	<b>\$3.9</b>	--	--	<b>\$20.0</b>	<b>\$31.1</b>
General Government Operations	--	0.7	0.6	--	--	12.5	13.8
Apprenticeship Training	--	--	--	--	--	7.0	7.0
Occupational and Indust. Safety	--	--	--	--	--	2.9	2.9
Industry Partnerships	--	2.8	--	--	--	--	2.8
Other	--	0.8	3.3	--	--	0.5	4.6
<b>General Fund (Federal)</b>	<b>\$5.0</b>	<b>346.1</b>	--	<b>\$149.3</b>	--	<b>34.0</b>	<b>536.6</b>
WIOA Programs	--	238.8	--	--	--	2.2	241.0
Reed Act - Employment Services	--	72.0	--	--	--	--	72.0
Disability Determination	--	--	--	149.3	--	6.2	155.5
Other	5.0	35.3	--	--	--	27.8	68.1
<b>Voc. Rehab. Fund</b>	--	--	<b>218.8</b>	--	--	<b>11.0</b>	<b>229.8</b>
<b>Admin. Fund</b>	<b>253.7</b>	<b>85.8</b>	--	--	--	<b>130.6</b>	<b>470.1</b>
Admin. of Unemployment Comp.	140.9	--	--	--	--	100.1	241.0
Workforce Development	--	84.4	--	--	--	8.8	93.2
Other	112.8	1.4	--	--	--	21.7	135.9
<b>SWIF</b>	--	--	--	--	<b>\$145.5</b>	<b>29.1</b>	<b>174.6</b>
<b>Other Appropriations</b>	<b>40.6</b>	<b>14.4</b>	<b>21.4</b>	--	--	<b>90.5</b>	<b>166.9</b>
<b>Total</b>	<b>299.3</b>	<b>446.3</b>	<b>244.1</b>	<b>149.3</b>	<b>145.5</b>	<b>295.2</b>	<b>1,609.1</b>

Note: Expenditures in dollar millions.

<sup>1</sup> Does not include the General Fund transfer to the Vocational Rehabilitation fund to avoid double counting. In FY 21-22, the transfer is \$47.9 million.

## Performance-Based Budget Plan: Key Metrics and Observations

This report includes numerous performance metrics, but certain metrics are critical to the overall operation of the agency. Key agency metrics that policymakers should monitor are displayed in the table. A brief explanation of key metric trends follows the table.

Key Metrics to Monitor						
	16-17	17-18	18-19	19-20	20-21	21-22
<b>Unemployment Compensation Administration<sup>1</sup></b>						
Payments w/in 14 days (%)	93%	84%	87%	89%	62%	54%
Nonmonetary decisions w/in 21 days (%)	76%	64%	65%	73%	35%	25%
Overpayment rate	9%	11%	9%	9%	14%	--
Fraud rate	6.9%	8.6%	5.9%	4.5%	4.8%	--
Average age of appeals (days)	25	26	26	23	41	119
Quality appraisal of decisions	98%	98%	98%	99%	96%	96%
<b>Job Training and Workforce Development</b>						
Adult worker employment rate	--	76%	76%	75%	67%	--
Dislocated worker employment rate	--	84%	84%	84%	77%	--
Youth worker employment rate	--	69%	68%	69%	62%	--
Apprentices retained upon completion	--Recommended Measure--					
OVR employment rate	52%	52%	52%	44%	52%	53%
HGAC employment rate <sup>2</sup>	84%	82%	79%	72%	58%	51%
<b>Workers' Compensation Administration<sup>1</sup></b>						
Uninsured initial claims submitted	421	384	272	260	221	185
Incident rate per 1,000 workers	27	29	29	28	30	--
Workplace fatalities	77	82	66	71	72	68
Avg. time for adjudication (months)	6.3	6.1	5.9	5.6	5.6	5.5
<b>Misclassified Workers &amp; Labor Compliance</b>						
Misclassified workers discovered	28,804	22,169	22,044	19,405	8,670	11,567
Misclassified construction workers <sup>1</sup>	700	720	755	710	430	458
Wages collected (\$ thousands) <sup>1</sup>	\$5,737	\$3,589	\$4,256	\$8,196	\$7,753	\$3,678
<sup>1</sup> Calendar year.						
<sup>2</sup> Data reflects outcomes for Commonwealth Technical Institute graduates only.						

### Unemployment Compensation Administration

The department administers unemployment compensation (UC) benefits (Activity 1), collects UC taxes (Activity 2) and adjudicates related UC appeals (Activity 3). The metrics listed align with federal standards for state UC programs. In CY 2020, the key metrics were significantly impacted by the increase in claims received due to the pandemic. In June 2021, the department implemented a new, modernized UC benefits

system. This system should improve self-service functionality, increase payment and determination timeliness and enhance detection of overpayments and fraud. This report serves as a baseline to monitor future program performance under the new system.

## **Job Training and Workforce Development**

Multiple activities in this report promote higher wage and employment levels for targeted groups. The department is the lead state agency for the federal Workforce Innovation and Opportunity Act (WIOA) program (Activity 4). From FY 2016-17 to FY 2019-20, the share of participants that obtained employment upon completion of services remained relatively stable across groups. In FY 2020-21, the pandemic caused employment outcomes to drop notably. The employment metrics can be used to compare outcomes of job training programs at other state agencies that assist in the execution of the WIOA state plan. This includes programs at the Departments of Education, Agriculture, Human Services and Community and Economic Development. The Apprenticeship and Training Office (ATO) (Activity 5) receives \$7 million in General Fund appropriations to increase the number of active apprentices and promote new apprenticeships in non-traditional industries. The number of apprentices and program sponsors increased in recent years, but the ATO currently does not track employment outcomes upon completion of an apprenticeship. The Office of Vocational Rehabilitation (OVR, includes the Hiram G. Andrews Center (HGAC)) (Activity 6) assists in the education and training of individuals with disabilities to expand employment opportunities. The data show that the pandemic had a significant impact on OVR and HGAC programs, but employment rates for HGAC participants had been on the decline prior to that point.

## **Workers' Compensation Administration**

The department administers the state's workers' compensation program (Activity 8) and the adjudication process (Activity 9). The department enforces the requirement that employers provide coverage for all eligible workers. While the number of uninsured workers in the state is unknown, the number of claims filed by uninsured workers has been decreasing since FY 2016-17. The department also audits and certifies workplace safety committees and conducts training courses to reduce incidents in the workplace. The incident rate and number of fatalities increased in 2020, despite a decline in the number of workers and overall incidents due to the pandemic. The adjudication process for workers' compensation claims (first level) averaged 5.6 months in 2020, an 11% reduction from 2016.

## **Misclassified Workers and Labor Compliance**

The Bureau of Labor Law Compliance (Activity 12) enforces Act 72 of 2010, which directs the department to investigate and correct the misclassification of construction workers as independent contractors. However, most cases referred to the bureau are from UC Tax Services (Activity 2) as part of the administration of UC laws, and construction workers represent a small share (2% to 5%) of total misclassified workers. The bureau also collects wages due to workers under wage, minimum wage, overtime and prevailing wage laws. For recent years, there has been a notable increase in wages collected, largely due to prevailing wage collections.

- This page intentionally left blank. -



## Activity 1: Unemployment Compensation Benefits

The department is the lead state agency that provides support for all activities related to the processing and payment of claims for unemployment compensation (UC). UC programs provide temporary, partial income replacement to workers who are unemployed through no fault of their own and meet other eligibility requirements. The department develops policies, standards and monitoring systems to ensure the UC program operates in accordance with federal and state laws. In June 2021, the department implemented a new system to improve the efficiency of UC benefits administration.

Regular unemployment compensation benefits are funded by employer and employee contributions. In response to the COVID-19 pandemic, the federal government enacted and funded programs that expanded eligibility and extended the number of weeks to claim benefits. As a result, the department processed over seven times more UC claims than the prior year and paid more than \$34 billion in benefits in CY 2020.

The goal of this activity is accurate and timely processing and determinations of UC benefits as defined by federal performance criteria. The expected outcome is to provide UC benefits to qualified workers.

### Resources for Unemployment Compensation Benefits

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$63.40	\$58.54	\$61.24	\$75.71	\$113.44	\$104.56
Operational Expenses	14.97	15.66	14.89	20.39	58.78	172.76
Other <sup>1</sup>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.03</u>	<u>-21.72</u>	<u>22.00</u>
<b>Total</b>	<b>78.37</b>	<b>74.20</b>	<b>76.13</b>	<b>96.13</b>	<b>150.50</b>	<b>299.32</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$3.07	\$1.71	\$0.14	\$1.45	\$0.03	\$0.00
General Fund (Federal)	0.84	1.12	0.00	0.00	0.00	5.09
Administration Fund	22.73	58.11	64.70	90.25	145.92	253.67
UC Contribution Fund	37.50	12.62	8.10	3.58	1.10	15.85
Special Administration Fund	<u>14.23</u>	<u>0.64</u>	<u>3.19</u>	<u>0.85</u>	<u>2.96</u>	<u>23.71</u>
<b>Total<sup>2</sup></b>	<b>78.37</b>	<b>74.20</b>	<b>76.13</b>	<b>96.13</b>	<b>150.50</b>	<b>299.32</b>
<b>Average Weekly FTE Positions</b>	<b>812</b>	<b>734</b>	<b>768</b>	<b>842</b>	<b>1,033</b>	<b>1,030</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$78.1</b>	<b>\$79.8</b>	<b>\$79.8</b>	<b>\$90.0</b>	<b>\$109.8</b>	<b>\$101.5</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Unemployment Compensation Benefits

	2016	2017	2018	2019	2020	2021
<b>Workload<sup>1</sup></b>						
Initial claims (000s)	941	822	764	745	5,323	1,727
Weeks paid (000s)	6,024	5,324	4,923	4,718	53,563	32,057
Funds paid (\$ billions)	\$2.2	\$1.9	\$1.8	\$1.8	\$15.3	\$9.3
Call center calls received (000s)	1,395	812	759	721	1,051	2,011
<b>Efficiency</b>						
Initial claims per examiner	7,181	4,491	4,244	4,027	22,748	7,197
Average wait time per call (minutes)	18	22	24	24	44	27
Average resolution time per call (minutes)	12	10	11	13	16	15
Calls per call center employee <sup>1</sup>	3,127	1,486	1,217	1,059	644	973
<b>Outcome<sup>1</sup></b>						
Payments w/in 14 days (%) <sup>2</sup>	93%	84%	87%	89%	62%	54%
Nonmonetary decisions w/in 21 days (%) <sup>2</sup>	76%	64%	65%	73%	35%	25%
Overpayment rate	9%	11%	9%	9%	14%	--
Overpayment recovery rate <sup>2</sup>	60%	82%	55%	62%	68%	39%
Outstanding overpayments (\$ millions) <sup>2</sup>	\$151	\$100	\$98	\$101	\$642	\$2,749
Fraud rate	6.9%	8.6%	5.9%	4.5%	4.8%	--
<b>Funds Recovered (\$ millions)</b>						
Labor & Industry <sup>2</sup>	--	--	--	--	\$46.5	\$23.4
PA Treasury <sup>2</sup>	--	--	--	--	\$501.0	\$608.4
U.S. Treasury Intercepts <sup>2</sup>	\$8.0	\$20.5	\$9.8	\$9.4	\$6.1	\$1.6
<b>Statewide Indicator</b>						
Unemployment rate <sup>2,3</sup>	5.3%	5.0%	4.4%	4.5%	9.1%	6.7%

Notes:

1 See Notes on Measures.

2 CY 2021 estimates based on latest available data.

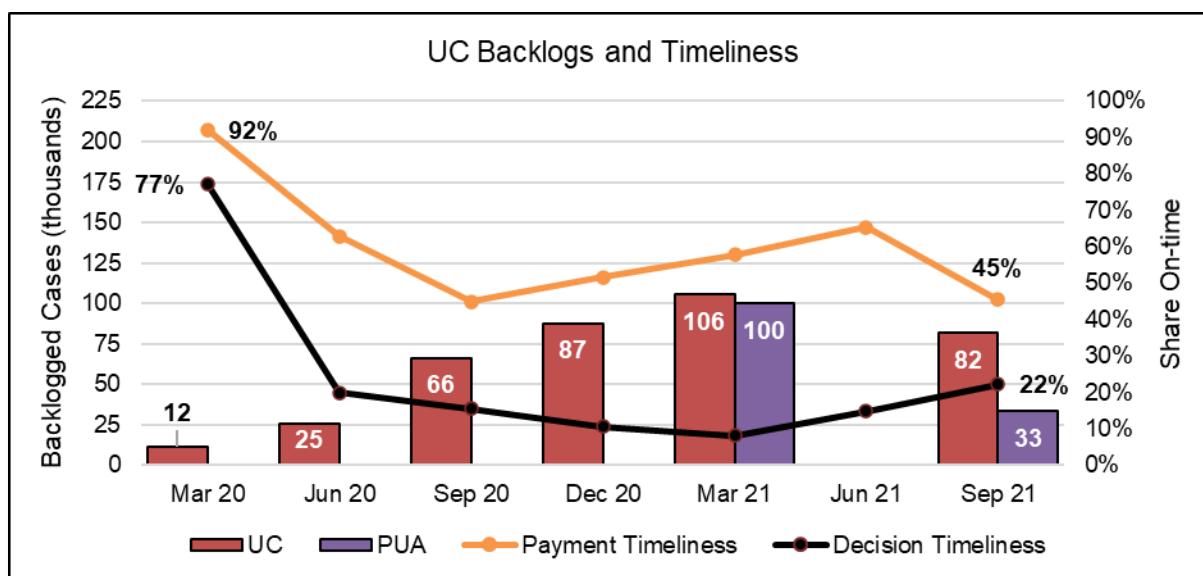
3 U.S. Bureau of Labor Statistics, annual averages.

## Notes on Measures

- Workload measures for initial claims, weeks paid and funds paid include data for regular state UC, Pandemic Emergency Unemployment Compensation (PEUC), Extended Benefits (EB) and Pandemic Unemployment Assistance (PUA). PEUC and PUA benefits are strictly federal programs enacted by the federal CARES Act and extended by later stimulus legislation. PEUC extended the length of benefits for traditional unemployed workers, while PUA expanded unemployment benefits to non-traditional workers, including the self-employed. These funds do not include approximately \$28 billion in Federal Pandemic Unemployment Compensation (FPUC) or Lost Wage Assistance (LWA) weekly bonus payments (an additional \$600 or \$300 per week) to UC and PUA claimants in 2020 and 2021. All federal programs ended September 4, 2021.

- Claims per call center employee dropped significantly in 2020 as the call center increased employment to 1,633 FTEs to handle increased volume due to the pandemic. This included over 400 contract workers, 120 FTEs from other state agencies and over 400 department staff newly hired or reallocated from other divisions. In 2021, the department transferred internal staff away from call center activities, and increased the number of contract workers to nearly 1,100 (total 2,066 workers).
- The U.S. Department of Labor (U.S. DOL) tracks the timeliness of payments and determinations made by state unemployment offices. Federal standards for first payments made within 14 days of filing for unemployment benefits and nonmonetary decisions made within 21 days are 87% and 80%, respectively. Nonmonetary decisions are written determinations ruling on the eligibility of an individual receiving benefits and can include improper separation from employment or a claimant's availability to work.
- The U.S. DOL tracks program integrity measures including benefit overpayments, overpayment recovery and fraud rates. The overpayment, fraud and recovery data above are available for regular UC and EB payments only. The recovery rate for the PUA program is tracked separately (39% in 2020). The fraud rate for PUA is not reported at the federal level; however, the department and its contractor have identified fraudulent claims paid. Fraudulent payments are estimated by the IFO later in this activity using data supplied by the department and the U.S. DOL.
- The state and federal governments use various methods to recover improper and fraudulent benefit payments. The department recovered over \$46 million in 2020 (excludes PEUC and PUA). Since 2020 the Pennsylvania Treasury has recovered over \$1.1 billion. The U.S. Treasury Offset Program collects past-due debts owed to state and federal agencies, including benefit overpayments. Funds are garnished from tax refunds, Social Security and other federal benefit payments.

In June 2021, the department went live with its UC Benefits Modernization project. The new system integrates data from the UC benefits legacy system, as well as from the PUA system established in 2020. The UC benefits modernization goals include (1) increased system functionality for improved self-service, (2) improved fraud detection and (3) increased productivity and efficiencies related to claim payments and nonmonetary decisions. In addition to current federal and state metrics, key metrics to monitor include (1) the share of electronic claims, payments and program communications with claimants and employers, (2) reduced mail volumes and (3) backlogs in processing claims.



The figure above displays the **backlog and timeliness of payments and decisions** by quarter from March 2020 (onset of the pandemic) to September 2021 (latest available quarter, and end of federal benefit programs). The figure includes data for traditional UC and PUA claimants. The department began tracking PUA backlogs in August 2021, and values prior to that are estimates. No data were reported in June or July 2021 due to the implementation of the new benefits system. Payment timeliness fell from 92% prior to the pandemic to 45% in the most recent quarter. Nonmonetary decision timeliness fell from 77% to 22%. As of October 2021, over 99,000 claimants were waiting for a nonmonetary decision.

Estimated Fraudulent UC Benefit Payments					
Program	Fraud Rate	2020 Q2-Q4		2021 Q1-Q3	
		Ben. Paid	Est. Fraud	Ben. Paid	Est. Fraud
Regular UC	6.76%	\$6,339	\$429	\$2,079	\$141
PEUC and EB	6.76	1,261	85	3,201	217
Trad. FPUC and LWA	6.76	<u>8,655</u>	<u>585</u>	<u>4,102</u>	<u>277</u>
<b>Trad. Total</b>		<b>16,254</b>	<b>1,099</b>	<b>9,382</b>	<b>635</b>
PUA					
2020	20.58	7,046	1,450	--	--
FPUC and LWA	20.58	9,377	1,930	--	--
2021	10.32	--	--	4,089	422
FPUC and LWA	10.32	--	--	<u>4,572</u>	<u>472</u>
<b>PUA Total</b>		<b>16,422</b>	<b>3,380</b>	<b>8,660</b>	<b>894</b>
<b>Total</b>		<b>32,676</b>	<b>4,479</b>	<b>18,043</b>	<b>1,528</b>

Note: Dollars in millions.  
Source: U.S. Department of Labor and the Department of Labor & Industry. Calculations by the IFO.

The table above displays **estimated fraudulent UC payments** for 2020 and 2021. The fraud rate used for traditional UC programs is the official rate from the U.S. DOL for April 2020 through March 2021 (6.76%) and represents the fraudulent share of the dollar value of payments.

The estimated PUA fraud rate for 2020 includes three components. The first component (12.71%) represents fraudulent payments identified by the department after claims were paid. The second component is the traditional UC fraud rate (6.76%) estimated by the U.S. DOL and reflects additional fraud not identified by the department. The third component (1.11%) is an adjustment made by the IFO to reflect the fact that PUA fraud is higher than traditional UC fraud due to less stringent eligibility criteria. The sum of those three components (20.58%) is used in the table above for 2020. The PUA fraud rate for 2021 reflects the same three elements but the first component is substantially lower due to the implementation of ID.me and other verification efforts.

Demographics of UC and PUA Activity						
	2019		2020		2021	
	Workers	Trad. UC	Trad. UC	PUA	Trad. UC	PUA
<b><u>Race</u></b>						
White	83%	76%	75%	49%	71%	47%
Black	12	14	13	33	17	37
Asian	4	1	3	3	2	2
Other/Declined	2	9	9	15	10	15
<b><u>Gender</u></b>						
Male	50	58	49	51	51	51
Female	51	42	51	49	49	49
<b><u>Age</u></b>						
16-24	12	5	11	19	9	19
25-54	62	63	62	63	62	64
55+	26	32	28	18	29	17
<b><u>Income</u></b>						
Below \$25,000	--	37	43	80	45	83
\$25k to \$50k	--	38	37	13	36	12
\$50k to \$100k	--	25	20	6	19	5
\$100k+	--	0	0	1	0	0
Source: Workforce data from U.S. Census Quarterly Workforce Indicators.						
Note: Shares based on total claims, not claim value.						

The **demographics and income levels** of PUA claimants differ considerably compared to traditional UC claimants and the overall employed workforce (i.e., those who are not self-employed). Individuals that received PUA benefits were not only formerly self-employed but could assert they ceased working due to COVID concerns, had minimal work history (e.g., worked five hours per week) or were planning to start employment but did not due to COVID. The table above displays the demographic composition of claimants for all programs. The data reflect the frequency of claims made during the year. For example, a claimant making claims in five different months has five times the weight as a claimant making a single claim in one month.

## State Benchmarks

UC Claims by Type (millions) and Unemployment Rate								
State	2020				2021			
	Reg. UC	PEUC	PUA	UE Rate	Reg. UC	PEUC	PUA	UE Rate
New York	50	11	40	10.0%	13	26	40	7.4%
Pennsylvania	26	4	38	9.1	8	9	17	6.4
Illinois	23	3	13	9.5	8	9	10	7.0
New Jersey	16	4	13	9.8	5	8	12	7.2
Ohio	16	2	16	8.1	4	4	13	5.4
Virginia	10	2	8	6.2	2	1	4	4.0
Maryland	7	1	9	6.8	2	3	6	6.0

Note: 2020 data reflect weeks ending January 4 to December 26. 2021 data reflect weeks ending January 2 to September 4.

Source: Claims data from U.S. Department of Labor, UE Rate from U.S. Bureau of Labor Statistics.

The table above displays the **volume of claims by program type and unemployment rate** for border and similar states. Pennsylvania's average 2020 unemployment rate of 9.1% ranks as the fourth highest behind Illinois (9.5%), New Jersey (9.8%) and New York (10.0%). Despite the fact that Pennsylvania's population is two-thirds the size, Pennsylvania had nearly the same number of PUA claims (38 million) as New York (40 million) in 2020. Compared to Illinois, which has a similar population to Pennsylvania, PUA claims were more than twice as high (55 million versus 23 million) for both years.

The table below displays **performance data by state** as tracked by the U.S. DOL. Pennsylvania's performance is comparable to the other states in most categories. These performance measures do not include PUA claims.

State UC Performance Measures (2020)					
State	Payments 14 Days	Non-Mon. <sup>1</sup> 21 Days	Overpay. Rate	Fraud Rate	Recovery Rate
Virginia	87%	20%	44%	8%	53%
Illinois	77	59	13	6	42
New Jersey	77	70	13	1	84
Maryland	63	44	15	9	170
Pennsylvania	62	35	14	5	67
New York	58	37	19	13	81
Ohio	53	38	11	2	41

Notes:

1 Nonmonetary decisions.

Source: U.S. Department of Labor.

## County Benchmarks

UC and PUA Claimants for Top 20 Counties									
	2019			2020			2021		
	UC	PUA	% Pop.	UC	PUA	% Pop.	UC	PUA	% Pop.
Philadelphia	43	--	4%	163	313	43%	64	191	23%
Elk	2	--	8	6	1	38	2	1	16
Luzerne	13	--	6	41	37	35	18	22	18
Lehigh	11	--	4	45	40	35	19	21	16
Berks	12	--	4	56	35	32	20	20	14
Beaver	5	--	5	21	15	31	8	7	13
Cameron	0	--	11	1	0	31	0	0	15
Lawrence	3	--	6	11	7	31	5	4	15
Delaware	13	--	3	56	61	31	21	39	16
Dauphin	7	--	4	30	27	30	12	15	15
Carbon	3	--	6	8	5	29	3	3	14
Lackawanna	7	--	5	23	17	28	10	11	14
Schuylkill	5	--	5	17	11	28	7	7	14
Erie	9	--	5	31	20	27	14	12	14
Allegheny	33	--	4	128	106	27	51	57	13
Fayette	5	--	6	15	9	27	7	7	15
Washington	7	--	5	26	13	27	10	7	12
Monroe	4	--	4	18	13	27	7	8	12
Blair	4	--	5	15	7	26	6	4	12
Westmoreland	13	--	5	45	19	26	19	11	12
<b>State</b>	<b>360</b>	<b>--</b>	<b>4</b>	<b>1,359</b>	<b>1,067</b>	<b>28</b>	<b>540</b>	<b>613</b>	<b>13</b>

Note: Regular state UC and PUA only. Extended benefit programs (PEUC, EB and others) not included. Data in thousands. Population data include residents age 20-74 years. % Pop. is the number of unique claimants divided by number of county residents age 20-74.

Source: Claimant data from the Department of Labor & Industry. Population data from the U.S. Census Bureau. Calculations by the IFO.

The table above displays **unemployment data for the top 20 counties** affected by the pandemic as ranked by the share of unique individuals age 20 to 74 that received state UC or PUA benefits within that county. To avoid double counting, PEUC, EB and other programs were not included in the unique individual count so these numbers should be considered lower-bound estimates. For 2020, the ratio of unique claimants to county residents age 20 to 74 exceeded one-third for the top four counties.

- This page intentionally left blank. -



## Activity 2: Unemployment Compensation Tax Services

The Office of Unemployment Compensation Tax Services (UCTS) administers the tax provisions of the Pennsylvania Unemployment Compensation Law, collects taxes legally due from covered employers and employees, and remits all tax revenues to the Unemployment Compensation Trust Fund. Employer contributions (in the form of quarterly tax payments) are the primary funding source for UC benefit payments. An employee withholding tax is a secondary funding source. There are two types of employers subject to tax: (1) contributory, who pay contributions based on a taxable wage base (CY 2021 base equals \$10,000) or (2) reimbursable, who reimburse the unemployment compensation fund on a dollar-for-dollar basis. Reimbursable employers, by law, include governmental entities and select non-profits. In CY 2020, the average tax rate was 3.6% on the taxable base, which translates into an effective tax rate of 0.7% if all wages are included.

The office also conducts audits to identify noncompliance, including the misclassification of employees as independent contractors. These cases are often identified when individuals file for unemployment compensation benefits but lack the appropriate payroll records to establish eligibility. The department employs 65 UC tax agents, and in most years conducts over 3,000 audits and assesses more than \$8.5 million in additional unemployment compensation taxes annually. The office also refers cases involving misclassified construction workers to the Bureau of Labor Law Compliance for enforcement under Act 72 of 2010.

The goal of this activity is to ensure that all appropriate employers are registered and report all covered employees, employer account information is correct, and the proper taxes are remitted and deposited timely into the UC Trust Fund to pay unemployment benefits to qualified claimants.

### Resources for Unemployment Compensation Tax Services

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$19.24	\$16.60	\$17.83	\$19.89	\$25.08	\$25.89
Operational Expenses	<u>2.27</u>	<u>2.22</u>	<u>2.05</u>	<u>1.42</u>	<u>1.38</u>	<u>7.96</u>
<b>Total<sup>1</sup></b>	<b>21.54</b>	<b>18.83</b>	<b>19.89</b>	<b>21.32</b>	<b>26.55</b>	<b>33.85</b>
<b>Expenditures by Fund</b>						
Administration Fund	\$21.47	\$17.05	\$18.82	\$21.26	\$26.55	\$33.85
UC Comp. Contribution Fund	<u>0.06</u>	<u>1.66</u>	<u>1.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total<sup>2</sup></b>	<b>21.54</b>	<b>18.83</b>	<b>19.89</b>	<b>21.32</b>	<b>26.55</b>	<b>33.85</b>
<b>Average Weekly FTE Positions</b>	<b>199</b>	<b>164</b>	<b>171</b>	<b>176</b>	<b>171</b>	<b>169</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$96.9</b>	<b>\$101.5</b>	<b>\$104.6</b>	<b>\$113.3</b>	<b>\$146.8</b>	<b>\$153.2</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Total may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Unemployment Compensation Tax Services

	2016	2017	2018	2019	2020	2021
<b>Workload</b>						
Active employers (000s)	300	291	302	312	329	339
Funds collected (\$ millions)	\$3,174	\$3,089	\$3,005	\$2,946	\$2,640	\$2,320
Audits conducted	4,061	3,931	3,368	3,730	1,134	1,490
<b>Efficiency</b>						
Audits per tax agent	48	59	53	56	16	23
Misclassified employees per audit	7	6	7	5	8	8
Funds recovered per audit (\$ thousands)	\$2.8	\$2.4	\$2.6	\$2.6	\$2.0	\$2.6
Funds recovered per tax agent (\$ thousands)	\$134	\$142	\$135	\$146	\$33	\$59
<b>Outcome</b>						
<u>Audit Outcomes</u>						
Misclassified employees discovered	28,804	22,169	22,044	19,405	8,670	11,567
Additional UC taxes due (\$ millions)	\$11.4	\$9.5	\$8.6	\$9.8	\$2.3	\$3.8
<u>Tax Administration<sup>1,2</sup></u>						
New status determinations w/in 90 days <sup>1</sup>	87%	89%	89%	91%	91%	92%
Contributory reports filed timely	91%	92%	93%	93%	90%	89%
Reimbursable reports filed timely	94%	96%	96%	96%	95%	96%
Unpaid contributions to amount due	2%	2%	2%	2%	2%	1%
Unpaid reimbursements to amount due	5%	5%	3%	1%	3%	1%
Delinquent payments (\$ millions)	\$123.7	\$124.0	\$119.4	\$109.6	\$69.0	\$104.3
TPS Quality Measure <sup>1</sup>	Pass	Pass	Pass	Pass	Pass	--
<b>Statewide Indicator</b>						
Average employer tax rate	5.8%	5.5%	5.1%	4.9%	3.6%	3.5%
Effective employer tax rate	1.2%	1.2%	1.1%	1.0%	0.7%	0.7%

Notes:

1 See Notes on Measures.

2 CY 2021 estimates based on latest available data.

## Notes on Measures

- New status determinations are performed on new, re-registering and other newly liable businesses in the Commonwealth. The business has 30 days to register after qualified work under Pennsylvania law is first performed. The department then issues a determination on the business' eligibility under the law, and the rate at which UC taxes are to be levied. The U.S. DOL sets the benchmark for the share of determinations completed within 90 days at 70%.
- The Tax Performance System (TPS) Quality Measure is a pass/fail metric that examines if the tax functions are performed properly at the state level. To pass a state must have no more than three tax functions fail within one year, and a singular tax function cannot fail for three consecutive years.

The latest UC benefits modernization efforts implemented in June 2021 will have a moderate effect on UC Tax Services. The main benefit is that those efforts will improve the system's interface with the Unemployment Management Compensation System (UCMS), which was implemented in 2011. This will allow staff to track benefit charges and correspondence sent to employers. The UCMS has led to increased automation, electronic processing and other efficiencies. In 2020, 99% of payments were processed electronically, an increase from 94% in 2016. Since implementing UCMS, the office reduced FTE staff by more than 50%.

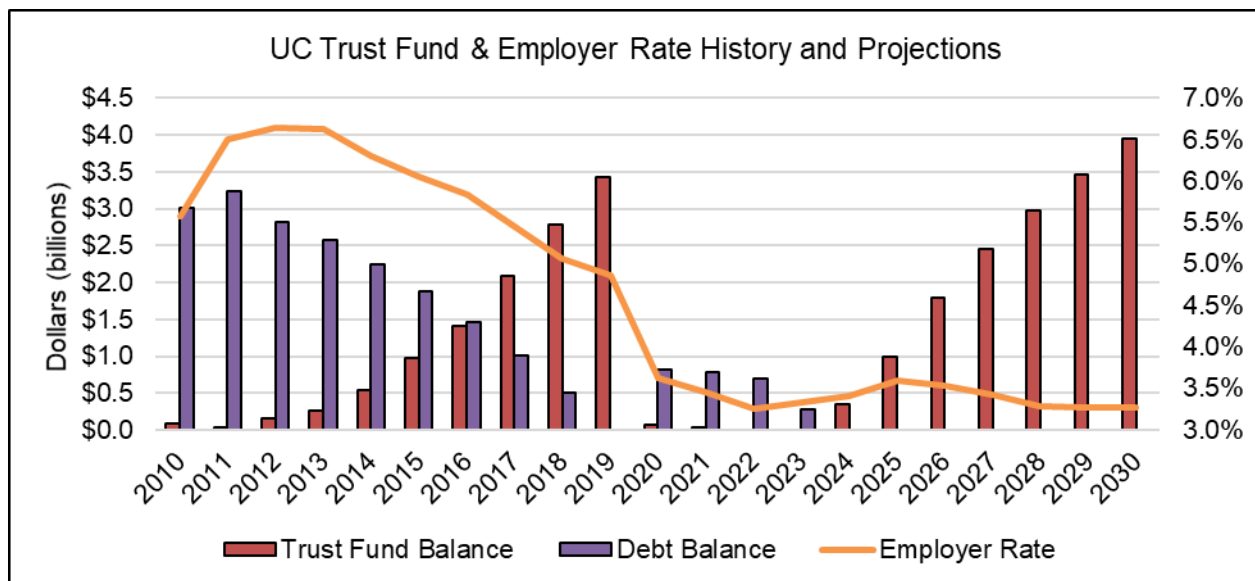
### Pandemic Changes Tax Agent Workload and Production

	Average 2016-2019	2020	Change
Weekly Hours Worked <sup>1</sup>	37	50	36%
Audits Conducted	3,773	1,134	-70%
Misclassified Workers Discovered	23,106	8,670	-62%
Additional UC Taxes Collected <sup>2</sup>	\$9.8	\$2.3	-77%

1 Weekly hours 2016-2019 reflects FYs 2016-17 to 2018-19, 2020 reflects FYs 2019-20 and 2020-21.

2 Dollars in millions.

The pandemic altered **tax agent workload and production**. Tax agents averaged nearly 37 hours per week from 2016 to 2019 but worked on average 50 hours per week during the fiscal years impacted by the pandemic. Normal production dropped as staff shifted to process UC claims.



The figure above presents the **UC Trust Fund balance and indebtedness** from 2010 to 2020 and projections through 2030. The purple bars include loans from the federal government, and bonds issued to repay those loans. Bonds were paid off entering 2020, but the influx of individuals into the system due to pandemic unemployment in 2020 and 2021 will require additional loans from the federal government. The loan balance is projected to peak at \$790 million in 2021 and be paid off by 2024. The Federal Unemployment Tax Act (FUTA) rate paid by Pennsylvania employers is projected to increase by 0.3% in 2022 (due January 2023) and an additional 0.3% in 2023 (due January 2024) to pay back these federal loans. This increase will result in a tax increase of over \$360 million for Pennsylvania employers.

- This page intentionally left blank. -

## Activity 3: Unemployment Compensation Appeals

The Unemployment Compensation Board of Review (UCBR) adjudicates appeals regarding eligibility for unemployment compensation throughout the Commonwealth. This activity is divided into two levels of authority. The referee level processes and conducts appeal hearings on eligibility determinations. This includes preparing the appeals and documents for hearings, scheduling hearings and issuance of referee decisions. Referee hearings are quasi-judicial proceedings, which involve the taking of testimony and evidence under oath.

A three-member Board of Review adjudicates entitlement for unemployment compensation benefits using testimony and evidence from the referee hearing. The board may also initiate another evidentiary hearing to obtain additional testimony and evidence and considers written arguments provided by the parties and written legal opinions provided by legal staff. Receipt and preparation of appeals for review by legal staff and board members are carried out by UCBR's central office appeals staff. Appeals staff also release final board decisions to the parties involved.

The primary goal of this activity is to meet or exceed quality and timeliness standards set by the federal government. The expected outcome is the timely adjudication of UC appeals to determine eligibility of benefits and employer benefit charges.

### Resources for Unemployment Compensation Appeals

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$13.11	\$12.71	\$13.32	\$13.50	\$15.30	\$18.68
Operational Expenses	<u>3.48</u>	<u>3.56</u>	<u>3.44</u>	<u>3.27</u>	<u>3.36</u>	<u>7.31</u>
<b>Total<sup>1</sup></b>	<b>16.59</b>	<b>16.27</b>	<b>16.79</b>	<b>16.77</b>	<b>18.66</b>	<b>25.99</b>
<b>Expenditures by Fund</b>						
Administration Fund	\$16.51	\$14.87	\$15.33	\$16.20	\$18.38	\$22.01
UC Contribution Fund	<u>0.08</u>	<u>1.37</u>	<u>1.45</u>	<u>0.57</u>	<u>0.26</u>	<u>3.80</u>
<b>Total<sup>2</sup></b>	<b>16.59</b>	<b>16.27</b>	<b>16.79</b>	<b>16.77</b>	<b>18.66</b>	<b>25.99</b>
<b>Average Weekly FTE Positions</b>	<b>131</b>	<b>120</b>	<b>122</b>	<b>126</b>	<b>131</b>	<b>143</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$100.0</b>	<b>\$105.9</b>	<b>\$109.1</b>	<b>\$107.1</b>	<b>\$117.0</b>	<b>\$130.6</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Total may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Unemployment Compensation Appeals

	2016	2017	2018	2019	2020	2021
<b>Statewide</b>						
Total appeals hearings held (000s)	72	60	65	66	72	62
In-person	90%	85%	90%	91%	16%	14%
Remote	10%	15%	10%	9%	84%	86%
<b>Referee Level</b>						
Total appeals received (000s)	72	60	65	66	72	70
Submitted by employer	22%	25%	22%	23%	15%	16%
Submitted by employee	78%	75%	78%	77%	85%	84%
Appeals per referee	1,313	1,368	1,468	1,498	1,472	1,197
Average age of appeals (days) <sup>1</sup>	25	26	26	23	41	119
Appeals overturning prior decision (000s)	22	19	21	22	17	19
Overturn rate	30%	32%	33%	34%	23%	31%
Quality appraisal of decisions <sup>1</sup>	98%	98%	98%	99%	96%	96%
<b>Board Level</b>						
Total appeals received (000s)	9	7	8	8	6	6
Submitted by employer	23%	23%	25%	24%	24%	21%
Submitted by employee	77%	77%	75%	76%	76%	79%
Average age of appeals (days) <sup>1</sup>	36	66	86	44	62	136
Appeals overturning prior decision	1,106	756	995	1,011	704	778
Overturn rate	12%	11%	13%	13%	12%	12%
Appeals referred to Commonwealth Court	523	303	374	375	213	201

Notes:

<sup>1</sup> See Notes on Measures.

## Notes on Measures

- The U.S. Department of Labor (U.S. DOL) sets the standard for the number of days to resolve an appeal at the referee and board levels. For the referee level the target is at or below 30 days. The department met that target every year until 2020. For the board level the target is at or below 40 days, which the department has not met since 2016.
- The standard for quality appraisal of decisions is the share of referee-level appeals that have quality scores of at least 85% of the potential evaluation points available. The U.S. DOL conducts quarterly sampling of appeals decisions to evaluate. The target established is 80%, which the department exceeded in each year of this review.

## Activity 4: Workforce Development

The department is the lead state agency that administers interagency employment and training programs for the adult, dislocated worker, and youth labor force. Department programs: (1) work with businesses to assist workforce planning and filling job vacancies and (2) help unemployed or underemployed individuals develop occupational and professional competencies.

This activity is supported primarily by federal funds through the Workforce Innovation and Opportunity Act (WIOA) and other federal programs that work closely with WIOA. The department partners with other state agencies including the Department of Education, which oversees Career and Technical Education (CTE) and Adult Education, and the Department of Community and Economic Development (DCED), which supports workforce training and development through federal Community Service Block Grant and state funds.

Local workforce development boards (LWDBs) are part of the public workforce system. These boards oversee a network of state and local providers and programs that support local and regional economic development and the education and training of Pennsylvania's workforce. As of 2021 there are 22 LWDBs that provide oversight for 23 Local Workforce Development Areas (LWDAs) in the state. The Three Rivers LWDB oversees two LWDAs (Allegheny County and the City of Pittsburgh).

The goal of this activity is to provide education, job training and search assistance to individuals who are unemployed or underemployed. The expected outcome is for these individuals to obtain employment that provides them with an individual or family-sustaining wage.

### Resources for Workforce Development

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$37.47	\$35.90	\$35.22	\$40.52	\$43.37	\$61.12
Operational Expenses	8.27	10.31	8.66	12.15	12.84	104.52
Grants	152.39	141.39	155.02	154.38	138.77	279.59
Other <sup>1</sup>	<u>0.36</u>	<u>0.46</u>	<u>0.56</u>	<u>0.62</u>	<u>0.53</u>	<u>1.11</u>
<b>Total</b>	<b>198.49</b>	<b>188.06</b>	<b>199.46</b>	<b>207.67</b>	<b>195.51</b>	<b>446.34</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$3.03	\$2.46	\$1.87	\$3.11	\$3.13	\$4.31
General Fund (Federal)	122.42	115.89	142.37	144.94	134.52	346.14
Vocational Rehabilitation Fund	0.00	0.00	0.00	0.59	0.92	0.00
Administration Fund	64.43	58.95	45.81	51.08	54.45	85.80
UC Contribution Fund	<u>8.39</u>	<u>10.45</u>	<u>9.22</u>	<u>7.73</u>	<u>2.23</u>	<u>10.00</u>
<b>Total<sup>2</sup></b>	<b>198.49</b>	<b>188.06</b>	<b>199.46</b>	<b>207.67</b>	<b>195.51</b>	<b>446.34</b>
<b>Average Weekly FTE Positions</b>	<b>409</b>	<b>386</b>	<b>364</b>	<b>414</b>	<b>430</b>	<b>509</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$91.5</b>	<b>\$93.1</b>	<b>\$96.8</b>	<b>\$97.8</b>	<b>\$100.8</b>	<b>\$120.1</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Workforce Development

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Statewide</b>						
Individuals trained	9,369	8,322	8,424	7,784	7,206	--
Individuals employed	--	11,564	10,317	9,288	6,647	--
Cost per individual employed <sup>1</sup>	--	\$6,349	\$8,463	\$9,742	\$14,341	--
RESEA employment rate (4th quarter) <sup>1</sup>	65%	68%	68%	58%	--	--
<b>Adult Workers<sup>1</sup></b>						
Individuals trained	2,798	2,760	3,296	3,130	2,676	--
<u>Second Quarter<sup>1</sup></u>						
Employment rate	--	77%	77%	77%	69%	--
Earnings gain	--	\$1,598	\$1,865	\$2,119	\$1,695	--
<u>Fourth Quarter<sup>1</sup></u>						
Employment rate	--	76%	76%	75%	67%	--
Earnings gain	--	\$1,962	\$2,272	\$2,478	\$2,191	--
<b>Dislocated Workers</b>						
Individuals trained	4,812	4,297	3,792	3,407	3,474	--
<u>Second Quarter<sup>1</sup></u>						
Employment rate	--	84%	85%	85%	77%	--
Earnings gain	--	-\$915	-\$596	-\$691	-\$1,237	--
<u>Fourth Quarter<sup>1</sup></u>						
Employment rate	--	84%	84%	84%	77%	--
Earnings gain	--	-\$375	-\$141	-\$48	-\$890	--
<b>Youth Workers</b>						
Individuals trained	1,759	1,524	1,566	1,419	1,278	--
<u>Second Quarter<sup>1</sup></u>						
Employment rate	--	66%	67%	69%	63%	--
Earnings gain	--	\$1,276	\$1,835	\$1,726	\$1,616	--
<u>Fourth Quarter<sup>1</sup></u>						
Employment rate	--	69%	68%	69%	62%	--
Earnings gain	--	\$1,669	\$2,042	\$2,332	\$1,704	--

Notes:

<sup>1</sup> See Notes on Measures.

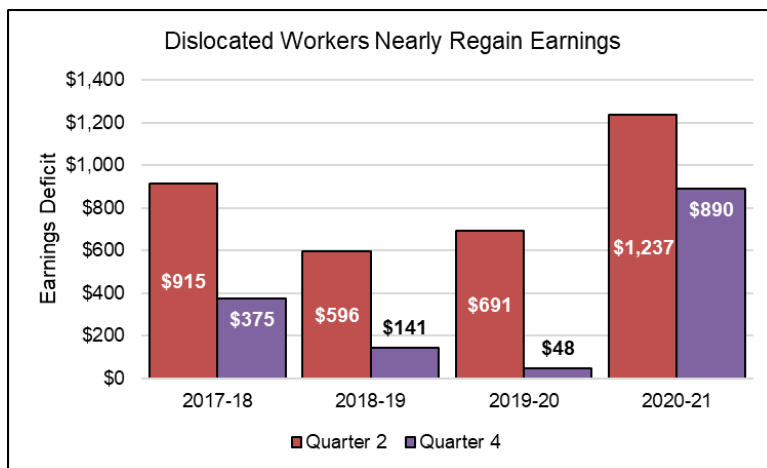
## Notes on Measures

- For the cost per individual employed metrics, the department divides total program costs by the number of individuals employed upon completion.
- The Reemployment Services and Eligibility Assessment (RESEA) program assists individuals currently unemployed and identified as likely to exhaust UC benefits to find full-time employment. This program is an optional program offered through the U.S. DOL, and Pennsylvania is one of 47 states, plus D.C.



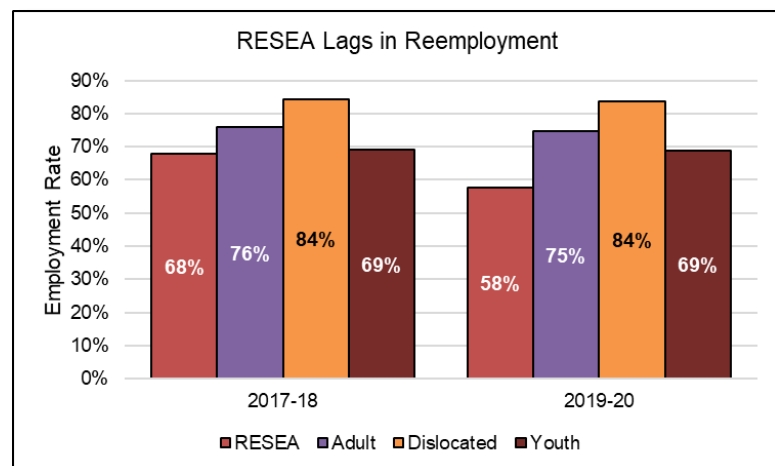
and Puerto Rico, that participate. The RESEA program was a pilot program available at a limited number of PA CareerLink Offices prior to statewide implementation in April 2019.

- The department provides services for three types of workers, as defined by WIOA. Different worker types require specific strategies and programs. These categories are: (1) adult workers, (2) dislocated workers who are unemployed due to mass layoffs, global trade dynamics or transitions in economic sectors and (3) youth workers. For youth workers, employment statistics also include enrollment in education or training activities. Data are only available for the WIOA programs mentioned above, as similar data for state-funded programs are not available.
- The department tracks employment and earnings data over time. Second quarter data reflect individuals employed in the second quarter after the completion of services, while fourth quarter data reflect those employed approximately one year removed from service completion. Earnings gain reflects the difference in wages earned compared to wages earned prior to the enrollment in department services.



Data show that **dislocated workers** who participate in department programs nearly recovered prior wage levels within one year of completion in FY 2019-20. In all years, the wage gap between the six-month and one-year wage recovery closes substantially. However, the quarterly earnings deficit widened significantly in FY 2020-21 during the pandemic.

**Individuals that participated in the RESEA program were employed at a lower rate** one year after program completion when compared to adult and dislocated workers, and a similar rate compared to youth workers prior to the pandemic. The gap is notably large when comparing RESEA participants (58%) to dislocated workers (84%) in the latest year. Both categories are exclusively individuals who lost employment.



### Local Workforce Development Area Outcomes (FY 2019-20)

	Adult Worker		Dislocated Worker		Youth Worker	
	Emp. Rate	\$ Change	Emp. Rate	\$ Change	Emp. Rate	\$ Change
Lackawanna	87%	\$2,507	83%	\$220	71%	\$1,506
Southwest Corner	85	2,958	89	1,169	76	3,941
Northern Tier	85	1,247	78	12	82	2,142
Westmoreland-Fayette	84	4,817	85	-18	69	2,962
Luzerne-Schuylkill	84	3,087	88	74	66	2,078
North Central	83	2,671	83	529	69	2,308
Lancaster	81	1,500	86	-970	75	3,136
West Central	81	2,338	88	1,852	69	2,273
Tri-County	81	5,167	83	-2,286	65	1,688
Lehigh Valley	80	3,153	87	-816	77	2,146
Central	79	3,030	84	-637	69	2,394
Northwest	77	2,222	88	2,999	66	2,456
Chester	76	2,885	88	-387	62	2,524
Berks	75	2,430	78	-3,192	77	2,734
City of Pittsburgh	75	2,668	83	275	67	1,957
South Central	74	2,189	85	-459	71	1,980
Allegheny	74	2,058	85	-908	62	1,995
Pocono Counties	74	4,806	82	296	73	3,538
Delaware	72	4,222	84	1,800	66	3,016
Bucks	72	3,338	81	-2,114	70	3,389
Philadelphia	70	2,105	79	371	65	2,018
Montgomery	69	2,339	81	284	77	3,235
Southern Alleghenies	68	1,192	80	-1,299	67	2,279
<b>Statewide</b>	<b>75</b>	<b>2,478</b>	<b>84</b>	<b>-48</b>	<b>69</b>	<b>2,332</b>

The table above shows **employment outcomes by the 23 Local Workforce Development Areas** ranked by the adult worker employment rate. The data represent fourth quarter employment rates and earnings gains for participants who completed workforce development programs.

### Employment Rate by Federal Program

	Adult	Dislocated	Youth	RESEA
Ohio	83%	87%	75%	16%
Virginia	81	87	80	20
Illinois	80	84	77	70
Maryland	77	84	73	3
Pennsylvania	75	84	70	58
New Jersey	71	75	65	61
New York	68	68	70	30
<b>U.S.</b>	<b>70</b>	<b>71</b>	<b>73</b>	<b>40</b>

Source: U.S. Department of Labor (July 1, 2019-June 30, 2020).

The table to the left shows fourth quarter **employment rates for federal programs** in comparable states for FY 2019-20. Pennsylvania ranks higher than the U.S. average for adult and dislocated workers but lower than most comparison states. RESEA employment is higher than most states, although lower than Illinois and New Jersey.

## Activity 5: Apprenticeship and Training Office

The Apprenticeship and Training Office (ATO) promotes and expands registered apprenticeship programs across the state. As a State Apprenticeship Agency (SAA), the office oversees the development, approval, maintenance, and enhancement of programs, agreements, and policies that support and integrate registered apprenticeships into the state's workforce development system and CareerLink offices. This includes leveraging federal and state funds to provide financial and technical assistance to private industry and local development partners. Since FY 2019-20, the ATO has received a \$7.0 million annual General Fund appropriation to accomplish these goals.

Currently, Pennsylvania employers that participate in the state's 1,500 registered apprenticeship programs employ over 17,000 active apprentices. Nationally, registered apprentices retain full-time employment 94% of the time, with an average starting salary of \$70,000. The ATO is also committed to increasing registered apprenticeship and pre-apprenticeship opportunities in non-traditional industries, such as technology, health care and education. Efforts are underway to expand opportunities to underrepresented individuals and communities.

The primary goals and outcomes of this activity are as follows:

- Provide programs, support and resources needed to create new opportunities that align with Pennsylvania standards and practices.
- Increase the overall number of registered apprenticeship opportunities in the Commonwealth.
- Expand registered apprenticeship opportunities into non-traditional occupations and serve underrepresented populations.

### Resources for the Apprenticeship and Training Office

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$0.14	\$0.39	\$0.44	\$0.63	\$0.52	\$1.57
Operational Expenses	0.04	0.35	0.22	0.41	0.40	1.85
Grants	<u>0.00</u>	<u>0.28</u>	<u>0.66</u>	<u>2.79</u>	<u>3.90</u>	<u>6.31</u>
<b>Total</b>	<b>0.18</b>	<b>1.02</b>	<b>1.32</b>	<b>3.83</b>	<b>4.82</b>	<b>9.73</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$0.00	\$0.00	\$0.06	\$2.73	\$3.75	\$7.00
General Fund (Federal)	<u>0.17</u>	<u>1.01</u>	<u>1.17</u>	<u>1.10</u>	<u>1.04</u>	<u>2.31</u>
<b>Total<sup>1</sup></b>	<b>0.18</b>	<b>1.02</b>	<b>1.32</b>	<b>3.83</b>	<b>4.82</b>	<b>9.73</b>
<b>Average Weekly FTE Positions</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>8</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$116.7</b>	<b>\$105.4</b>	<b>\$133.3</b>	<b>\$161.5</b>	<b>\$192.6</b>	<b>\$196.3</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

<sup>1</sup> Total may include small augmentation and other special fund expenditures.

## Performance Measures for the Apprenticeship and Training Office

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Workload</b>						
Active apprentices <sup>1</sup>	15,351	16,862	17,870	17,714	17,647	17,800
Apprenticeship sponsors <sup>1</sup>	752	798	828	864	881	890
Apprenticeship programs <sup>2</sup>	1,331	1,413	1,473	1,520	1,560	1,582
Active pre-apprentices <sup>3</sup>	--Recommended Measure--					
Pre-apprenticeship programs <sup>1,3</sup>	--	--	--	--	71	80
<b>Efficiency</b>						
Cost per apprentice/pre-apprentice <sup>3</sup>	--	--	\$3,892	\$1,102	--	--
<b>Outcome</b>						
New apprenticeship programs <sup>2</sup>	82	60	47	40	22	25
New apprentices <sup>1</sup>	4,941	5,322	5,304	4,109	3,224	3,500
Completed apprenticeships <sup>1</sup>	2,149	2,378	2,514	2,492	1,926	2,000
Apprentices retained upon completion (%)	--Recommended Measure--					
Median salaries upon completion	--Recommended Measure--					
Apprentices from underrepresented groups	--Recommended Measure--					

### Notes:

1 Federal Fiscal Year.

2 Calendar Year.

3 See Notes on Measures.

## Notes on Measures

- The ATO provides services to expand the number of registered apprenticeship and pre-apprenticeship programs, and to assist existing programs. Registered apprenticeship programs are employer-led programs that last one to six years (depending on the industry) and provide structured work-based education with national certification. Pre-apprenticeship programs have a documented relationship with apprenticeship programs but focus on the education of individuals so that they may enter a registered apprenticeship. These programs often serve a targeted population such as veterans, youth or individuals from underserved areas.
- Program sponsors report data directly to the federal Registered Apprenticeship Partnerships Information Data System (RAPIDS) through the U.S. DOL. Data in this system are often not current. The ATO is working to build out internal systems to track measures listed as recommended in this report for registered apprenticeship programs that receive state funds.
- The cost per apprenticeship measures costs associated with apprentices and pre-apprentices employed by programs or program sponsors that receive grant funds directly from the Commonwealth. Data are shown on a project year basis and may reflect activity across fiscal years.

2016 State Apprenticeship Data									
	DE	MD	NJ	NY	OH	PA	VA	WV	U.S.
<u>Apprentices</u>									
Active	1,141	11,821	6,235	16,124	16,237	14,110	17,142	5,413	505,371
New	224	1,070	2,344	380	6,781	4,654	3,327	1,187	206,020
Completed	145	1,118	865	945	2,132	1,190	734	522	49,354
<u>Program Sponsors</u>									
Active	308	428	577	688	926	745	2,141	300	21,339
New	10	1	73	33	25	37	288	15	1,701
Per Program	3.7	27.6	10.8	23.4	17.5	18.9	8.0	18.0	23.7
2019 State Apprenticeship Data									
	DE	MD	NJ	NY	OH	PA	VA	WV	U.S.
<u>Apprentices</u>									
Active	1,554	8,887	8,171	18,856	20,869	18,174	12,259	4,369	633,476
New	669	1,907	2,087	3,250	7,934	4,519	3,391	1,204	252,271
Completed	184	724	1,087	2,866	2,363	2,130	1,785	1,034	81,552
<u>Program Sponsors</u>									
Active	393	201	983	880	960	833	1,961	166	24,778
New	55	19	162	121	19	23	274	15	3,133
Per Program	4.0	44.2	8.3	21.4	21.7	21.8	6.3	26.3	25.6

Source: U.S. Department of Labor. Data by Federal Fiscal Year.

The table above displays data from the U.S. DOL regarding **apprenticeships in Pennsylvania and other select states**. From federal fiscal year (FFY) 2016 to FFY 2019, Pennsylvania increased the number of apprentices by 29%, comparable to Ohio (29%) and New Jersey (31%). The number of program sponsors increased by 11%, with nearly three more apprentices per program sponsor.

Apprentices by Industry (FY 2020-21)				
	Active		New	
	Total	Share	Total	Share
Building Trades	13,416	75.4%	2,666	69.2%
Manufacturing	1,728	9.7	373	9.7
Education	121	0.7	34	0.9
Healthcare	95	0.5	30	0.8
Technology	56	0.3	34	0.9
Hospitality	49	0.3	15	0.4
Transportation	30	0.2	5	0.1
Agriculture	8	0.0	5	0.1
Other	2,290	12.9	688	17.9
<b>Total</b>	<b>17,793</b>	<b>100.0</b>	<b>3,850</b>	<b>100.0</b>

The table to the left shows apprenticeships by industry. One of the goals of the ATO is to increase the **number of apprentices in non-traditional industries** (e.g., technology, healthcare and service industries). In FY 2020-21, new apprenticeships in technology (61%), healthcare (32%) and education (28%) constitute a significant share of apprenticeships in that industry. Traditional trades still dominate apprenticeships, but expansion into new industries will be important to track into the future.

- This page intentionally left blank. -

## Activity 6: Vocational Rehabilitation

The Pennsylvania Office of Vocational Rehabilitation (OVR) provides vocational rehabilitation services to help persons with disabilities prepare for, obtain, or maintain employment. OVR provides services directly and through a network of approved vendors on an individualized basis. Counselors assist customers in the selection of vocational goals, services and service providers and develop an Individualized Plan for Employment. In addition to federal funds, the office receives a transfer from the General Fund to the Vocational Rehabilitation Fund each fiscal year (\$47.9 million in FY 2021-22). This activity includes the operations of the Bureau of Blindness and Visual Services (BBVS) and the Office for Deaf and Hard of Hearing (ODHH). BBVS staff assist with vocational rehabilitation, independent living, and work with the Business Enterprise Program to provide opportunities to operate vendor businesses at federal and state facilities. ODHH provides advocacy and information services for individuals who are deaf or experience hearing loss. The office registers over 600 interpreters and provisional interpreters each year.

The department also operates the Hiram G. Andrews Center (HGAC). The HGAC is the nation's largest comprehensive employment rehabilitation facility. It provides individualized post-secondary, pre-employment, counseling, physical restoration and work-based learning services to approximately 1,300 students annually. The facility is primarily funded by fees for services.

The primary goal of this activity is to provide vocational rehabilitation services to all qualified, disabled individuals, with priority for those most significantly disabled. The expected outcome is an increase in the number of disabled individuals that complete secondary education or obtain employment.

### Resources for Vocational Rehabilitation

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$93.36	\$91.05	\$93.54	\$90.88	\$88.94	\$94.31
Operational Expenses	113.74	110.40	103.52	55.11	53.28	143.39
Grants	<u>2.18</u>	<u>1.86</u>	<u>2.65</u>	<u>2.23</u>	<u>3.21</u>	<u>3.06</u>
<b>Total<sup>1</sup></b>	<b>210.30</b>	<b>204.30</b>	<b>200.62</b>	<b>149.21</b>	<b>146.09</b>	<b>244.13</b>
<b>Expenditures by Fund</b>						
General Fund (State) <sup>2</sup>	\$3.65	\$3.61	\$3.82	\$3.64	\$3.25	\$3.91
Vocational Rehabilitation Fund	184.35	179.07	176.44	128.52	123.07	218.81
General Fund - State Transfer	47.47	44.89	45.63	47.94	47.94	47.94
Other Vocational Rehab. Funds	136.88	134.19	130.81	80.58	75.13	170.87
Rehabilitation Center Fund	<u>21.54</u>	<u>21.04</u>	<u>19.80</u>	<u>16.32</u>	<u>18.78</u>	<u>20.39</u>
<b>Total<sup>3</sup></b>	<b>210.30</b>	<b>204.30</b>	<b>200.62</b>	<b>149.21</b>	<b>146.09</b>	<b>244.13</b>
<b>Average Weekly FTE Positions</b>	<b>989</b>	<b>965</b>	<b>946</b>	<b>905</b>	<b>870</b>	<b>1,032</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$94.4</b>	<b>\$94.3</b>	<b>\$98.9</b>	<b>\$100.4</b>	<b>\$102.2</b>	<b>\$91.4</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Total may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Excludes the General Fund transfer to Vocational Rehab. Fund to avoid double counting (FY 21-22 \$47.9 million).

3 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Vocational Rehabilitation

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Workload (Individuals, 000s)</b>						
Active plans	30.8	28.8	32.8	19.8	20.6	24.0
New plans	18.4	17.2	21.6	5.8	10.0	8.4
Completed/closed plans	17.8	15.1	14.4	15.9	9.2	15.0
Receiving training financial aid	5.4	5.2	4.8	4.1	3.6	4.2
Pre-employment student services	14.1	25.6	27.8	22.3	12.1	12.5
<b>Degree Obtainment</b>						
High school diploma	2,907	3,106	3,296	2,165	432	2,500
College degrees	601	824	743	748	324	500
Vocational degrees or certificates	523	1,082	844	659	266	500
<b>Employment Obtainment</b>						
Employment rate	52%	52%	52%	44%	52%	53%
Average hourly wage	--	\$13.28	\$13.85	\$14.11	\$14.63	\$15.49
Cost per individual employed	--	\$6,980	\$7,446	\$6,918	\$9,105	\$8,500
Share of repeat business partners <sup>1</sup>	13%	13%	13%	13%	12%	11%
<b>Hiram G. Andrews Center</b>						
Annual FTEs	239	203	186	186	186	186
Annual enrollment	1,851	1,813	1,691	1,098	908	876
Annual completions	823	871	759	403	435	489
Employment rate <sup>1</sup>	84%	82%	79%	72%	58%	51%
Average hourly wage <sup>1</sup>	--	\$10.52	\$10.78	\$11.91	\$11.01	\$12.42
Cost per individual employed (\$ thousands)	--Recommended Measure--					
Cost per completion (\$ thousands)	\$6.0	\$5.6	\$6.1	\$9.4	\$10.1	\$8.0

Notes:

<sup>1</sup> See Notes on Measures.

## Notes on Measures

- Repeat business customers represent the share of businesses that hire one or more OVR participants in at least two years of a four-year span.
- HGAC employment measures (rate and average hourly wage) are only available for Commonwealth Technical Institute (CTI) graduates. The CTI is a post-secondary accredited school within the HGAC, which graduated an average of 160 students per year over the time period.



OVR Customer Waitlist					
	2016-17	2017-18	2018-19	2019-20	2020-21
Applicants	24,002	22,538	21,399	13,186	10,555
Waitlisted	36	58	89	11,062	8,196
MSD	3	27	33	10,315	7,618
Non-MSD	33	31	56	747	578
Removed	97	85	80	5,392	11,166
Avg. Days	1,111	647	649	204	172

Beginning in FY 2019-20, a notable **waitlist for services** began to form. While small waitlists for OVR services are normal for significantly and not significantly disabled individuals, this waitlist included a sizeable number of most significantly disabled (MSD) applicants. In FY 2019-20 over 11,000 (84%) applicants were waitlisted for over six months on average, with MSD applicants comprising 10,300 (93%) of those individuals. The waitlist declined to 8,200 individuals in FY 2020-21, of which 7,600 (93%) were MSD. Currently, the waitlist includes 930 individuals.

OVR and HGAC Employment Outcomes												
	FTEs		Completed <sup>1</sup>		Employed <sup>1</sup>		Empl. Rate <sup>1</sup>		State Cost <sup>2</sup>		Cost/Job <sup>3</sup>	
	OVR	HGAC	OVR	HGAC	OVR	HGAC	OVR	HGAC	OVR	HGAC	OVR	HGAC
2016-17	600	239	17,806	172	9,259	144	52%	84%	--	\$4.9	--	--
2017-18	612	203	15,053	188	7,885	154	52	82	\$55.0	4.9	\$7.0	--
2018-19	610	186	14,381	145	7,485	114	52	79	55.7	4.6	7.4	--
2019-20	569	186	15,902	175	6,953	124	44	72	48.1	3.8	6.9	--
2020-21	534	186	9,169	130	4,773	75	52	58	43.5	4.4	9.1	--

Source: Department of Labor & Industry, some calculations by the IFO.

1 Data for HGAC only reflects participants of the Commonwealth Technical Institute. Data for other programs are not available.

2 Dollars in millions.

3 Dollars in thousands.

The table above compares **employment outcomes for OVR and HGAC programs**. Data for the HGAC outcomes reflect participants from the Commonwealth Technical Institute (CTI), the post-secondary accredited school within the HGAC. Employment data from other HGAC programs are not available. Both OVR and HGAC programs experienced significant declines in participant completion and employment placement due to the pandemic. Employment rates at the HGAC dropped from 84% in FY 2016-17 to 58% in FY 2020-21, with steady declines even before the pandemic. Non-HGAC OVR programs had an employment rate of 44% in FY 2019-20 which increased to 52% in FY 2020-21 but with far fewer employments due to lower participation. For comparison, the national employment rate for individuals with disabilities was 17.9% in 2020 according to the U.S. Bureau of Labor Statistics.

### Office of Deaf and Hard of Hearing and Bureau of Blindness and Visual Services

	16-17	17-18	18-19	19-20	20-21
<b>Deaf and Hard of Hearing</b>					
Individuals applying for services	7,328	4,007	1,910	1,090	478
Employment rate	57%	54%	44%	40%	48%
Average hourly wage	\$14.86	\$15.05	\$15.38	\$16.03	\$16.69
Registered interpreters <sup>1</sup>	--	--	--	548	633
<b>Low Vision or Blind</b>					
Individuals applying for services	4,074	2,539	1,641	930	248
Employment rate	34%	43%	34%	34%	37%
Average hourly wage	\$14.50	\$14.83	\$14.68	\$13.77	\$14.72
Business Enterprise Program (BEP) owners	7	10	2	3	2

Notes:

1 Includes provisionally registered.

The table above shows outcome metrics related to deaf and hard of hearing (DHH) and low vision or blind (LVB) individuals. Employment rates for DHH individuals decreased over the time period but were generally equal to or greater than the total OVR population, while LVB customers were employed at a notably lower rate.

### Centers for Independent Living

	16-17	17-18	18-19	19-20	20-21	21-22
State support grant (\$ millions)	\$1.8	\$1.7	\$2.2	\$1.8	\$1.9	\$2.0
Centers in operation <sup>1</sup>	9	9	9	9	9	9
<u>Individuals served<sup>2</sup></u>						
Individuals eligible for services	<b>12,287</b>	<b>5,330</b>	<b>3,000</b>	<b>3,226</b>	<b>2,389</b>	--
Peer relationships	--	2,019	--	524	385	--
Information and referral	--	11,701	--	5,069	4,569	--
Advocacy	--	1,558	--	267	382	--
Independent living skills	--	2,009	--	509	426	--
<u>Individuals employed</u>	--	--	--	139	139	--
Share disabled employees	--	--	--	37%	37%	--

Note: Reporting methodology changed beginning FY 2019-20, data for some prior years not readily available.

1 State-funded centers only. Eight additional centers receive only federal funding.

2 Data by service type may be duplicated for individuals that receive more than one service.

The table above shows **participant data for Centers for Independent Living (CILs)** in Pennsylvania. The number of individuals served dropped notably from FY 2016-17 to FY 2020-21. This trend exists within the individual service categories for the three years (FYs 2017-18, 2019-20 and 2020-21) as well. In FY 2019-20 and 2020-21, 37% of individuals employed at CILs were disabled.

## Activity 7: Disability Determination

The Bureau of Disability Determination (BDD) works in partnership with the Social Security Administration (SSA) to determine whether an individual is disabled under the Social Security Act. The bureau develops medical evidence, determines vocational ability and renders the initial decision of eligibility regarding an individual's disability claim under the law. The bureau also processes disability claims submitted for reconsideration and continuing disability review and conducts due process evidentiary hearings for individuals who have had their disability benefits terminated. In FFY 2019-20, the SSA requested that the department add staff in anticipation of increased disability workloads due to COVID-19. The FY 2021-22 budgeted positions for the activity reflect that request.

To provide service at the lowest rate, the department contracts with a third party, Industrial Medicine Associates (IMA), to perform consultative physical and mental examinations. The IMA handles all aspects of the consultative examination process including scheduling, notification, appointment reminder, report dictation and providing interpreter services. This approach is more efficient and cost-effective than directly contracting with providers and results in more examinations compliant with standardized service-level agreements.

The primary goals and outcomes of this activity are to meet workload standards set by the SSA that maximize the productivity of the office and accuracy of determinations. This includes an initial determination accuracy rate above 90%, an above-average production per work year score, as determined by the SSA, and evaluating the IMA based on contracted performance levels.

### Resources for Disability Determination

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$68.34	\$69.07	\$69.38	\$72.45	\$75.48	\$82.43
Operational Expenses	45.34	45.44	44.12	40.02	42.11	63.50
Grants	0.74	0.82	0.82	0.67	0.70	0.90
Other <sup>1</sup>	<u>2.75</u>	<u>2.00</u>	<u>1.94</u>	<u>2.14</u>	<u>2.22</u>	<u>2.45</u>
<b>Total</b>	<b>117.17</b>	<b>117.33</b>	<b>116.26</b>	<b>115.28</b>	<b>120.51</b>	<b>149.28</b>
<b>Expenditures by Fund</b>						
General Fund (Federal)	<u>\$117.17</u>	<u>\$117.33</u>	<u>\$116.26</u>	<u>\$115.28</u>	<u>\$120.73</u>	<u>\$149.28</u>
<b>Total<sup>2</sup></b>	<b>117.17</b>	<b>117.33</b>	<b>116.26</b>	<b>115.28</b>	<b>120.51</b>	<b>149.28</b>
<b>Average Weekly FTE Positions</b>	<b>622</b>	<b>592</b>	<b>573</b>	<b>624</b>	<b>661</b>	<b>768</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$109.9</b>	<b>\$116.8</b>	<b>\$121.1</b>	<b>\$116.1</b>	<b>\$114.3</b>	<b>\$107.3</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Disability Determination

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Disability Determination Cases<sup>1</sup></b>						
<u>Initial Cases (000s)<sup>2</sup></u>						
Filed	122.3	116.6	106.6	106.7	95.9	83.2
Closed	127.9	118.1	102.3	106.1	96.9	87.8
Approval rate	35%	37%	39%	41%	41%	39%
Avg. days for determination	--	84	84	92	108	112
<u>Continuing Cases (000s)<sup>2</sup></u>						
Filed	55.5	35.3	47.8	41.6	24.8	31.6
Closed	50.5	47.5	49.1	37.8	24.8	34.7
Approval rate	76%	77%	80%	81%	83%	77%
<u>Reconsideration Cases<sup>2</sup></u>						
Filed	598	598	1,863	9,316	22,750	24,425
Closed	696	542	1,825	4,537	18,121	28,203
Approval rate	20%	21%	16%	13%	14%	13%
Avg. days for determination	--	109	89	61	124	123
<u>Appeals<sup>2</sup></u>						
Filed	6,081	4,435	4,506	3,213	1,612	2,143
Approved	1,103	1,156	1,047	659	258	373
Denied	4,034	4,501	3,854	2,373	988	1,832
Determination accuracy rate	97%	95%	96%	96%	94%	93%
Production per work year score <sup>2</sup>	331	310	309	298	248	252
<b>Call Center Measures</b>						
Number of calls	--	--	--	--	--	54,761
Avg. wait time (seconds)	--	--	--	--	--	56
Avg. resolution time (minutes)	--	--	--	--	--	3
<b>Vendor Measures</b>						
Exams scheduled w/in 10 days of request <sup>3</sup>	88%	87%	89%	89%	75%	87%
Reports completed w/in 25 days of request <sup>3</sup>	84%	68%	93%	90%	71%	71%
Exam reports that meet all requirements <sup>3</sup>	92%	94%	98%	97%	96%	99%
Average cost of exam <sup>1</sup>	\$130	\$132	\$130	\$131	\$134	\$131
<b>Statewide Indicator<sup>4</sup></b>						
OASDI disabled workers (000s) <sup>3</sup>	404.0	400.8	395.6	390.6	--	--
Share of state population <sup>3</sup>	3.2%	3.1%	3.1%	3.1%	--	--

Notes:

1 Federal Fiscal Year.

2 See Notes on Measures.

3 Calendar Year.

4 Data from Social Security Administration. Includes disabled and blind individuals.

## Notes on Measures

- The Bureau of Disability Determination reviews several types of cases: (1) initial cases are initial applications for disability to be reviewed; (2) continuing cases are reviews of ongoing cases of disability; (3) reconsideration cases are cases that have been previously denied due to medical reasons but new documentation has been submitted; and (4) appeals are denials of cases that have been requested to be heard and are assigned to a Designated Hearing Unit (DHU) for review by an administrative law judge. Beginning in 2019 the SSA reinstated the reconsideration step in Pennsylvania, leading to a sharp increase in cases in that category.
- The production per work year score is a scoring method developed by the SSA that adjusts for workload and staffing. This allows the SSA to compare state and local offices to evaluate the most effective use of resources. For FFY 2020-21, the federal target is 308, an increase from 304 the prior year.

## State Benchmarks

The table below displays **disability determination workload and performance data** for the Commonwealth and similar states. The states are ranked by production per work year score, with the U.S. total shown separately. For FFY 2019-20, Pennsylvania had the best production score (298), and second highest (to New York) determination accuracy rate (95.8%). In FFY 2019-20, the U.S. production per work year score fell to 255 down from 303 the prior year. Pennsylvania also has the highest share of population that is disabled or blind (3.1%). That share is one-half percentage point higher than the national average.

Disability Determination Program Comparisons						
	Cases Filed <sup>1</sup>	Cases Closed <sup>1</sup>	Determination Accuracy	Production per Work Year	Disabled Population <sup>2</sup>	
					Number	Share
Pennsylvania	161	151	95.8%	298	391	3.1%
Ohio	127	126	94.7	276	339	2.9
Illinois	93	88	95.6	273	269	2.1
New Jersey	66	64	93.0	233	187	2.1
New York	172	157	96.9	206	478	2.5
<b>U.S. Total</b>	<b>3,180</b>	<b>3,008</b>	<b>94.3</b>	<b>255</b>	<b>8,378</b>	<b>2.6</b>

Notes: Case, accuracy and work score data for FFY 2019-20. Population data for CY 2019.  
1 Includes initial, continuing, reconsideration and appeals cases. Cases in thousands.  
2 Social Security Administration and U.S. Census Bureau. Population in thousands. Calculations by the IFO.

- This page intentionally left blank. -

## Activity 8: Workers' Compensation Administration

The Pennsylvania workers' compensation program was established to reduce injuries and provide lost wages and medical benefits to Pennsylvania employees who become ill or injured through the course of their employment so they can return to the workforce. The Bureau of Workers' Compensation serves as the state's administrative branch of the worker's compensation process. The bureau: (1) serves as the custodian of workers' compensation records through evaluation of insurance carrier and employer records management compliance, (2) reviews employer self-insurance applications, (3) examines medical fee disputes and other healthcare services, (4) administers workplace safety training for employers and employees, which includes certification and audits of certified workplace safety committees (CWSCs) and the accompanying rate reduction program and (5) administers special funds.

The primary goals and outcomes of this activity are as follows:

- Administer the workers' compensation program and enforce compliance of insurance requirements to ensure mandated workers' compensation insurance to all qualified employees.
- Conduct workplace safety trainings in-person and online, certify and audit CWSCs in order to implement best practices and reduce the number of workplace incidents, the incident rate and fatalities throughout the Commonwealth.
- Administer special fund programs and claims through the issuance of timely payments to employers and employees with qualified claims.

### Resources for Workers' Compensation Administration

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$9.62	\$8.98	\$9.24	\$8.89	\$8.08	\$8.43
Operational Expenses	3.91	4.18	4.05	4.08	3.65	6.92
Debt Service/Investments	5.00	7.50	0.00	0.00	0.00	0.00
Grants	0.97	0.85	0.63	0.49	0.43	0.44
Other <sup>1</sup>	<u>0.90</u>	<u>0.90</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>
<b>Total</b>	<b>20.40</b>	<b>22.43</b>	<b>15.06</b>	<b>14.59</b>	<b>13.28</b>	<b>17.13</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$0.84	\$0.78	\$0.63	\$0.49	\$0.44	\$0.44
Workmen's Comp. Admin. Fund	<u>19.56</u>	<u>21.65</u>	<u>14.43</u>	<u>14.10</u>	<u>12.84</u>	<u>16.69</u>
<b>Total</b>	<b>20.40</b>	<b>22.43</b>	<b>15.06</b>	<b>14.59</b>	<b>13.28</b>	<b>17.13</b>
<b>Average Weekly FTE Positions</b>	<b>102</b>	<b>97</b>	<b>97</b>	<b>91</b>	<b>82</b>	<b>108</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$94.8</b>	<b>\$92.9</b>	<b>\$95.8</b>	<b>\$97.7</b>	<b>\$98.4</b>	<b>\$78.1</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

<sup>1</sup> Other may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

## Performance Measures for Workers' Compensation Administration

	2016	2017	2018	2019	2020	2021
<b>Statewide Claims</b>						
Initial claims submitted (000s)	159	174	173	173	148	154
Claims paid (000s)	778	852	899	945	977	1,018
Total compensation paid (\$ billions)	\$3.1	\$2.8	\$2.9	\$2.1	\$2.6	--
% Online forms and records filings	69%	93%	94%	94%	95%	98%
<b>Uninsured Claims</b>						
Initial claims submitted	421	384	272	260	221	185
Infractions against uninsured employers <sup>1</sup>	10	9	14	10	10	40
Fines levied (\$ thousands)	\$152	\$245	\$442	\$98	\$71	\$225
<b>Self-Insured Claims</b>						
Self-insured employers	1,690	1,696	1,725	1,713	1,604	1,637
Self-insured employees (000s)	851	931	923	960	967	908
Initial claims submitted (000s)	44	46	44	43	41	45
<b>Workplace Safety</b>						
Trainings held	415	431	447	442	596	737
Trainings accessed (000s)	33.6	36.0	32.8	35.7	48.7	36
Employers with CWSC <sup>1</sup>	6,320	6,444	6,460	6,680	6,588	6,297
CWSC audits conducted	164	134	163	108	192	218
CWSC audits per auditor	41	34	54	54	96	109
CWSC premium reductions (\$ millions)	\$30	\$29	\$31	--	--	--
Workplace fatalities	77	82	66	71	72	68
Incident rate per 1,000 workers	27	29	29	28	30	--

Notes:

<sup>1</sup> See Notes on Measures.

## Notes on Measures

- Employer infractions include both criminal and civil violations. Prosecution referrals are made by the department to several entities including the department's Office of Chief Counsel who works with local district attorneys to pursue criminal actions, if necessary.
- Certified Workplace Safety Committees were established by amendments to the Pennsylvania Workers' Compensation Act in 1993. These committees develop and implement methods of hazard identification, incident investigation, record keeping and analysis of safety-related problems in the workplace. Employers who have a CWSC are eligible for a 5% reduction in their workers' compensation insurance premium if the employer provides annual verification to the department. Currently almost 6,300 employers have over 12,000 CWSCs in Pennsylvania and have qualified for over \$800 million in cumulative savings on insurance premiums.



Workers' Compensation Special Funds Management						
	2016	2017	2018	2019	2020	2021
<b>Supersedeas Fund</b>						
Assessments (\$ millions) <sup>1</sup>	\$22	\$16	\$24	\$20	\$37	\$22
Compensation paid (\$ millions)	\$20	\$20	\$14	\$27	\$19	\$30
Initial claims submitted	1,108	1,083	1,179	1,088	1,116	1,090
Avg. days to pay new claim	50	24	128	105	227	275
<b>UEGF</b>						
Assessments (\$ millions) <sup>1</sup>	\$2.9	\$3.1	\$2.8	\$7.1	\$7.1	\$6.6
Compensation paid (\$ millions)	\$6.9	\$7.5	\$7.4	\$5.3	\$7.1	\$7.2
Initial claims submitted	421	384	272	260	221	185
Avg. days to pay new claim	15	74	87	93	109	75
<u>Recovery Efforts</u>						
Share of attempts successful	3.0%	2.6%	1.1%	0.4%	0.9%	2.0%
Funds recovered (\$ thousands)	\$385	\$395	\$362	\$258	\$153	\$250
<b>SIGF</b>						
Assessments (\$ millions) <sup>1</sup>	\$0.11	\$0.17	\$0.15	\$0.03	\$0.05	--
Compensation paid (\$ millions)	\$4.9	\$4.1	\$2.3	\$1.9	\$2.6	\$2.7
Claims transferred	30	0	0	0	0	1
1 Fiscal Year.						

The table above presents data on the special funds administered by the department. Each fund provides financial support for eligible individuals or businesses in the workers' compensation system.

**Supersedeas Fund** reimburses insurance carriers and self-insured employers for payments made on a claim during the litigation process for which the carrier is ultimately deemed not liable. The assessment is levied on workers' compensation insurance carriers and self-insured employers at a rate calculated based on the claim values in the prior fiscal year. In 2019, it took an average of 105 days, approximately 3.5 months, for claims to be paid, more than double the 2016 average. The wait increased to 227 days in 2020 likely due to issues related to the COVID-19 pandemic.

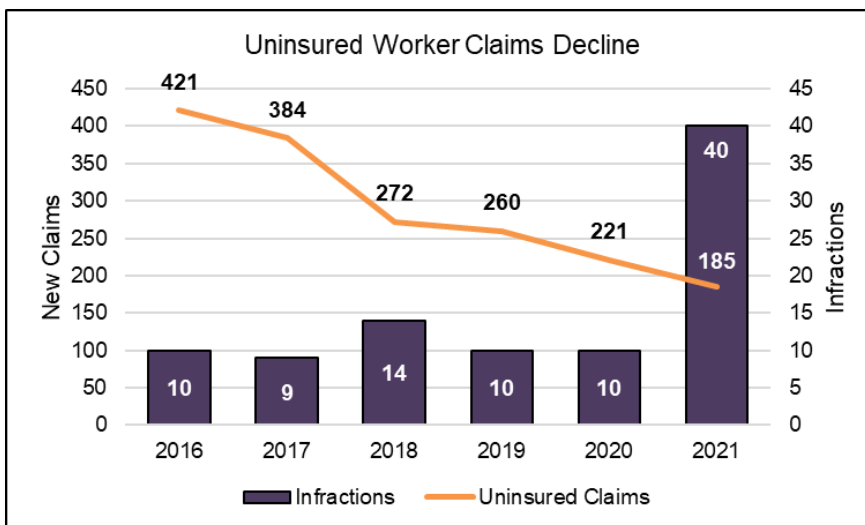
**Uninsured Employer Guaranty Fund (UEGF)** provides compensation for claimants whose employer was not insured and defaulted on payments. The assessment is applied to insurers and self-insured employers at a rate of 0.25% of the total compensation paid during the previous calendar year. In FY 2014-15 and FY 2017-18, transfers from the Workmen's Compensation Administration Fund were used to keep the fund solvent. Although the department undertakes recovery efforts, they are usually unsuccessful because employers lack the assets required to make payments.

**Self-Insurance Guaranty Fund (SIGF)** provides compensation for claimants whose self-insured employer defaulted on payments. Claims received have typically been paid for some time prior to the employer's default and are not new, initial claims.

### Workers' Compensation Claims by Industry

Industry	Incidents/1,000			Total Incidents (000s)			Fatalities		
	2015	2020	Change	2015	2020	Change	2015	2020	Change
Ag., Fishing, Forestry	39	43	4	1	1	0	1	0	-1
Public Administration	48	43	-6	12	9	-3	8	9	1
Manufacturing	39	42	3	22	19	-3	6	7	1
Trade, Trans. & Utilities	35	41	5	42	42	0	11	14	3
Construction	42	39	-2	10	8	-2	17	15	-2
Mining	33	34	1	1	1	-1	4	0	-4
Education & Health Serv.	29	29	0	45	45	0	4	12	8
Leisure & Hospitality	21	25	4	11	7	-5	1	3	2
Prof. & Business Serv.	15	17	2	12	11	-1	9	9	0
Other Services	15	17	2	4	3	-1	3	1	-2
Information	19	17	-2	2	1	-1	1	1	0
Financial Activities	11	10	-2	4	2	-1	0	1	1
<b>Total</b>	<b>28</b>	<b>30</b>	<b>2</b>	<b>166</b>	<b>148</b>	<b>-18</b>	<b>65</b>	<b>72</b>	<b>7</b>

The table above displays **incident data by industry** for 2015 and 2020, ranked by the 2020 incident rate. Overall, the number of incidents that resulted in workers' compensation claims fell by over 18,000. However, COVID-19 reduced overall employment in this year. In contrast, the incident rate per 1,000 workers increased from 28 to 30, a 6% increase. The Trade, Transportation and Utilities industry increased by five incidents per 1,000 while both Agriculture and Leisure and Hospitality industries increased by four. The incident rate for the Public Administration sector decreased by six, but still had the second-highest incident rate of any industry. Notably, the number of fatalities increased from 65 to 72 (+11%), even as employment activity dropped in 2020. Excluding the pandemic-influenced 2020 year, the average incident rate from 2015 through 2019 was 28.3, with an average of 72 fatalities per year.



The number of **claims received from uninsured workers** fell 48% from 2016 to 2020. In 2021 the number continued to decline, but the department pursued more criminal and civil charges than in prior years.

## State Benchmarks

The following table compares U.S. Bureau of Labor Statistics workers' compensation outcomes in Pennsylvania with border and similar states ranked by the **total incident rate** (highest to lowest). It should be noted that incident rates and fatalities are calculated differently at the federal and state level. Pennsylvania ranks highest among the selected states in total incident rate, but similar to New York and Illinois in major incident and fatality rates. The major incident rate represents incidents in which impacted employees missed work or were restricted or had duties transferred due to the injury or illness.

Workplace Safety Measures by State (2020)						
State	Total Incident		Major Incident		Fatality	
	Count <sup>1</sup>	Rate <sup>2</sup>	Count <sup>1</sup>	Rate <sup>2</sup>	Count	Rate <sup>3</sup>
Pennsylvania	137.3	3.1	83.4	1.9	148	2.7
New Jersey	92.4	3.0	65.9	2.2	82	2.2
West Virginia	15.6	2.9	9.2	1.7	47	6.6
Illinois	128.4	2.8	87.3	1.9	135	2.6
New York	189.3	2.7	129.8	1.9	223	2.9
Maryland	51.7	2.6	32.7	1.7	59	2.2
Ohio	101.0	2.4	58.7	1.4	117	2.4
Virginia	65.4	2.3	39.2	1.4	118	3.0
Delaware	7.9	2.2	5.0	1.4	7	1.7

Source: U.S. Bureau of Labor Statistics, State Occupational Injuries, Illnesses, and Fatalities (2020).

1 Cases in thousands.

2 Per 100 FTE workers.

3 Per 100,000 FTE workers (based on hours worked).

- This page intentionally left blank. -

## Activity 9: Workers' Comp. Adjudication and Appeals

The Adjudication and Appeals activity includes operations from two separate department areas: (1) the Workers' Compensation Office of Adjudication (WCOA) and (2) the Workers' Compensation Appeals Board (WCAB). The WCOA is the first level of the administrative process that adjudicates and mediates disputed workers' compensation claims. There are 22 field offices located throughout the state, with 80 workers' compensation judges that issue decisions on disputed claims and conduct mediations. Petitions can include claims filed by or on behalf of an injured worker for compensation that was previously denied in the workers' compensation process. For claims that are being paid, employers and insurance carriers can file petitions to terminate, suspend or modify benefits. In most years the WCOA receives over 40,000 petitions, about a quarter of which are claims petitions. In 2021, the WCOA conducted over 115,000 hearings and issued decisions in under six months, on average.

The WCAB acts as the appellate level of the administrative adjudicatory process and provides injured workers and employers the opportunity to seek redress from an adverse decision and order of a workers' compensation judge. The WCAB typically conducts over 1,000 hearings and issues approximately 1,200 decisions each year. In 2021 the average decision timeline was approximately 9.5 months.

The department also administers the Pennsylvania Firefighter Cancer Presumption Act. The Act enables firefighters to receive workers' compensation benefits if they develop cancer and can establish exposure to carcinogens at fire or hazmat incidents during their careers. The law applies to any cancer, and both professional and volunteer firefighters qualify. Firefighters who separated from service as far back as 2000 may qualify and claims can be filed on behalf of a surviving spouse or family.

The primary goal of this activity is to adjudicate appeals in a timely manner in accordance with governing law and with due process. The expected outcome is the administration of proper workers' compensation benefits to injured employees.

### Resources for Workers' Compensation Adjudication and Appeals

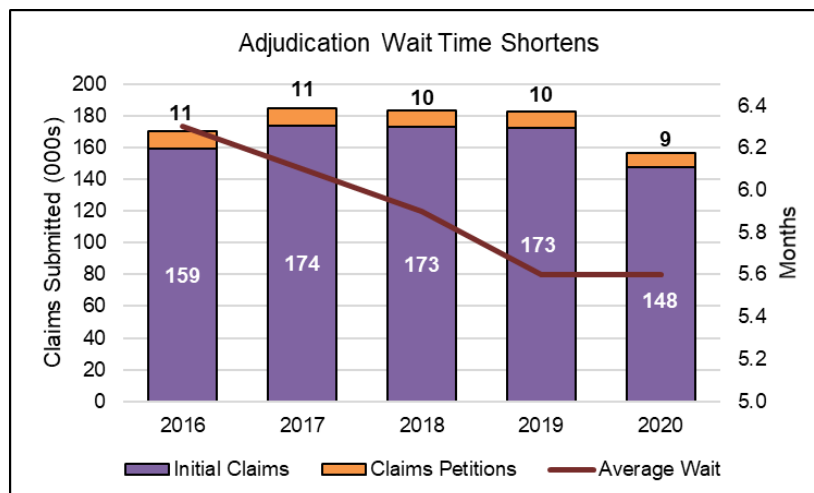
	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$28.88	\$27.90	\$28.16	\$28.47	\$28.00	\$29.24
Operational Expenses	6.81	6.72	6.62	6.68	5.30	13.96
<b>Total<sup>1</sup></b>	<b>35.69</b>	<b>34.62</b>	<b>34.83</b>	<b>35.17</b>	<b>33.31</b>	<b>43.28</b>
<b>Expenditures by Fund</b>						
Workmen's Comp. Admin. Fund	<u>\$35.69</u>	<u>\$34.62</u>	<u>\$34.83</u>	<u>\$35.17</u>	<u>\$33.31</u>	<u>\$43.28</u>
<b>Total</b>	<b>35.69</b>	<b>34.62</b>	<b>34.83</b>	<b>35.17</b>	<b>33.31</b>	<b>43.28</b>
<b>Average Weekly FTE Positions</b>	<b>251</b>	<b>243</b>	<b>236</b>	<b>232</b>	<b>226</b>	<b>249</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$115.2</b>	<b>\$114.8</b>	<b>\$119.4</b>	<b>\$122.5</b>	<b>\$123.8</b>	<b>\$117.4</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

<sup>1</sup> Total may include small fixed asset, non-expense or miscellaneous expense transfer expenditures.

## Performance Measures for Workers' Compensation Adjudication and Appeals

	2016	2017	2018	2019	2020	2021
<b>Adjudication Level</b>						
All petitions assigned (000s)	45	43	41	41	38	37
Claim petitions received (000s)	11	11	10	10	9	9
Claim petitions per judge	127	119	121	117	105	112
Decisions rendered (000s)	46	44	43	41	39	38
Total hearings conducted (000s)	--	--	105	125	122	115
In-person hearings (000s)	--	--	103	122	31	1
Remote hearings (000s)	--	--	2	2	92	114
Avg. time (months) to render decision	6.3	6.1	5.9	5.6	5.6	5.5
<b>Appeals Level</b>						
Appeals received	--	1,314	1,323	1,204	1,095	996
Decisions rendered	--	1,256	1,114	1,223	1,197	1,192
Total hearings conducted	--	1,147	1,244	1,016	577	836
In-person hearings	--	1,147	1,244	1,016	273	10
Remote hearings	--	--	--	--	304	826
Avg. time (days) to render decision	--	314	341	368	341	290
<b>Firefighter Cancer Presumption Act</b>						
Initial claims	12	20	7	8	18	6
Decisions rendered	22	12	19	10	3	17
New claims paid	10	6	15	3	0	12
Settlements paid (\$ thousands)	\$90	\$294	\$1,228	\$320	\$0	\$1,236



From 2016 to 2020 the number of **claim petitions filed** fell by 23% while the initial claims (as displayed in Activity 8) fell by 7%. Prior to the pandemic, claims in 2019 were 9% higher than in 2016, but resulted in 12% fewer claims petitions. Overall, initial claim decisions issued are being appealed at a lower rate. This has led to an improvement in timeliness from an average of 6.3 months to 5.6 months (-11%) to complete the adjudication process.

## Activity 10: State Workers' Insurance Fund

The State Workers' Insurance Fund (SWIF) operates as an enterprise fund within the department and is managed by a director who reports to the SWIF Board. SWIF provides an assured source of workers' compensation insurance for the employers and workers of Pennsylvania, typically for higher-risk employers. Over 12,000 employers obtain workers' compensation insurance coverage through SWIF which allows them to legally operate. The staff at SWIF also operate as third-party administrators for the Uninsured Employers Guaranty Fund (UEGF) and the Self-Insured Guaranty Fund (SIGF), which were profiled in Activity 8 (Workers' Compensation Administration). Since 2016, SWIF improved its solvency by \$337 million, from a deficit of \$178 million to a surplus of \$159 million at the end of 2020.

SWIF contracts with an external vendor for operational and cost saving improvements related to medical bill repricing, preferred provider organization, pharmacy benefit management and durable medical equipment.

Primary goals and outcomes of this activity are as follows:

- Provide a workers' compensation program for businesses that choose the fund to meet their legal obligation.
- Provide coverage to employers and workers in a cost-effective manner, through effective loss prevention services, efficient and accurate claims management, and competent and ethical financial management.
- Continually improve efficiency and effectiveness at SWIF to provide for a sound financial position for the fund.

### Resources for State Workers' Insurance Fund

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$20.15	\$19.51	\$19.74	\$19.68	\$17.94	\$20.03
Operational Expenses	22.08	22.94	18.14	12.69	11.33	18.13
Fixed Assets Expense	0.09	0.12	0.13	0.64	0.00	0.13
Grants	195.09	179.34	162.21	140.10	120.77	106.97
Other <sup>1</sup>	<u>1.30</u>	<u>1.30</u>	<u>0.97</u>	<u>0.62</u>	<u>0.00</u>	<u>0.00</u>
<b>Total</b>	<b>238.71</b>	<b>223.21</b>	<b>201.19</b>	<b>173.73</b>	<b>150.04</b>	<b>145.50</b>
<b>Expenditures by Fund</b>						
State Worker's Insurance Fund	<u>\$238.71</u>	<u>\$223.21</u>	<u>\$201.19</u>	<u>\$173.73</u>	<u>\$150.04</u>	<u>\$145.50</u>
<b>Total</b>	<b>238.71</b>	<b>223.21</b>	<b>201.19</b>	<b>173.73</b>	<b>150.04</b>	<b>145.50</b>
<b>Average Weekly FTE Positions</b>	<b>221</b>	<b>217</b>	<b>212</b>	<b>211</b>	<b>199</b>	<b>231</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$91.0</b>	<b>\$89.8</b>	<b>\$93.2</b>	<b>\$93.3</b>	<b>\$90.0</b>	<b>\$86.7</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

<sup>1</sup> Other may include non-expense and/or miscellaneous expense transfer expenditures.

## Performance Measures for State Workers' Insurance Fund

	2016	2017	2018	2019	2020	2021
<b>Workload</b>						
Policyholders (000s)	20.7	18.4	16.3	14.4	12.8	--
Employees covered (000s)	368.3	263.0	229.0	285.2	217.0	--
Claims received (000s)	7.6	5.5	5.3	5.1	3.3	--
Claims paid (000s)	11.0	9.7	9.4	7.9	6.5	--
Compensation paid (\$ millions)	\$106.1	\$91.6	\$82.4	\$79.4	\$64.9	\$48.2
Premiums collected (\$ millions)	\$192.5	\$172.7	\$161.5	\$119.3	\$93.7	\$94.6
<b>Efficiency</b>						
Claims received per adjustor <sup>1</sup>	238	211	197	213	155	--
Claims per 1,000 employees <sup>1</sup>	20.7	20.8	23.2	17.9	15.0	--
Premium paid per employee <sup>1</sup>	\$522.6	\$656.5	\$705.1	\$418.3	\$431.7	--
<b>Outcome</b>						
Fund surplus/deficit (\$ millions)	-\$178.0	-\$111.4	-\$74.9	-\$38.1	\$159.3	--
Loss ratio <sup>2</sup>	97%	80%	72%	127%	-45%	--
Combined ratio <sup>2</sup>	109%	92%	83%	141%	-28%	--
Operating ratio <sup>2</sup>	86%	65%	58%	90%	-73%	--
Net investment return rate	4%	6%	-1%	12%	9%	--
Avg. premium rate <sup>2</sup>	\$6.25	\$6.70	\$6.87	\$5.56	\$5.56	--
Billing invoice vendor savings (\$ millions)	\$15.4	\$12.7	\$9.7	\$9.1	\$8.6	\$8.1
<b>Statewide Indicator</b>						
Annual insured market share <sup>2</sup>	7%	7%	6%	4%	4%	4%

Notes: Calendar year. Data for 2021 as of June 30.

1 Calculations by the IFO.

2 See Notes on Measures.

## Notes on Measures

- SWIF tracks three key ratios to examine fund performance. The loss ratio equals losses incurred (compensation paid) plus loss adjustment expenses (costs incurred investigating claims) divided by premiums earned that year. A high loss ratio can be a sign of fiscal instability for the fund. The combined ratio equals costs included in the loss ratio plus underwriting costs divided by premiums earned that year. The operating ratio equals total premiums less net income and divided by total premiums.
- Average premium rate is total direct written premiums divided by total covered wages, displayed as a cost per \$100 in wages. This is the industry reporting standard.
- Annual insured market share represents the share of employees throughout the Commonwealth employed by SWIF policyholders.



## Activity 11: Occupational and Industrial Safety

The Bureau of Occupational and Industrial Safety (BOIS) administers and enforces a variety of safety laws related to buildings, elevators, boilers, flammable and combustible liquids, liquefied petroleum gas, stuffed toys, and bedding and upholstered items. To carry out these tasks, certified staff review plans and approve applications for the construction of buildings or installation of equipment and conduct inspections to ensure that applicable technical standards are followed. In FY 2020-21, 67 inspectors conducted nearly 69,000 inspections across all industries. The building, boiler (which includes combustible liquids and liquefied petroleum inspections) and certification and licensing divisions have regularly conducted 100% of their inspections within their statutory timeframes. Elevator inspections meet targets at-or-near 95% of the time. The department also certifies third party contractors who conduct the majority of elevator and boiler inspections statewide.

The Administrative Code of 2017 updated the bureau's fee schedule and funding mechanism. The department receives a \$10 million augmentation sourced from bureau fee revenues to fund operations in addition to direct General Fund appropriations (\$2.95 million in FY 2021-22). Bureau fee revenues in excess of the \$10 million are deposited into the state's General Fund. In FY 2020-21, \$7.5 million was deposited into the General Fund.

The primary goal of this activity is to enforce the state's occupational and industrial safety laws through on-site inspections, plan reviews and other regulatory measures in a timely manner. The expected outcome is improved public safety during regular use of equipment and facilities.

### Resources for Occupational and Industrial Safety

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$13.11	\$12.53	\$12.95	\$12.71	\$12.04	\$12.51
Operational Expenses	1.80	1.58	1.66	1.77	1.81	3.36
Other <sup>1</sup>	<u>-2.77</u>	<u>-2.78</u>	<u>-2.75</u>	<u>-2.79</u>	<u>-2.78</u>	<u>-2.77</u>
<b>Total</b>	<b>12.14</b>	<b>11.33</b>	<b>11.86</b>	<b>11.69</b>	<b>11.07</b>	<b>13.10</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$11.06	\$3.84	\$3.68	\$0.56	-\$0.43	\$0.58
General Fund (Augmentations)	0.00	6.41	7.00	10.00	10.00	10.00
General Fund (Federal)	0.00	0.36	0.25	0.27	0.41	0.49
General Fund (Restricted)	<u>1.08</u>	<u>0.72</u>	<u>0.90</u>	<u>0.86</u>	<u>1.08</u>	<u>1.95</u>
<b>Total<sup>2</sup></b>	<b>12.14</b>	<b>11.33</b>	<b>11.86</b>	<b>11.69</b>	<b>11.07</b>	<b>13.10</b>
<b>Average Weekly FTE Positions</b>	<b>126</b>	<b>122</b>	<b>118</b>	<b>117</b>	<b>111</b>	<b>126</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$104.5</b>	<b>\$103.0</b>	<b>\$109.4</b>	<b>\$108.6</b>	<b>\$109.0</b>	<b>\$99.3</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include fixed asset, non-expense and/or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Occupational and Industrial Safety

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Elevator Inspections</b>						
Inspections completed by DLI staff <sup>1,2</sup>	18,674	13,979	11,587	13,265	16,074	16,000
On-time completion rate	92%	97%	98%	94%	96%	97%
Inspection pass rate	99%	98%	97%	97%	97%	97%
Inspections per inspector	849	699	552	603	765	800
Expedited inspections requested		--Recommended Measure--				
Expedited inspections pass rate		--Recommended Measure--				
Elevator safety incidents		--Recommended Measure--				
<b>Building Inspections</b>						
Inspections completed by DLI staff <sup>1,2</sup>	26,961	30,227	29,082	20,295	21,198	22,000
Inspection pass rate		--Recommended Measure--				
Inspections per inspector	899	1,042	1,163	752	815	800
Building safety incidents		--Recommended Measure--				
<b>Boiler Inspections</b>						
Inspections completed by DLI staff <sup>1,2</sup>	16,121	29,071	27,618	18,371	26,436	22,000
Inspection pass rate	76%	71%	94%	97%	76%	97%
Inspections per inspector	806	1,454	1,454	1,148	1,762	1,500
Boiler safety incidents		--Recommended Measure--				
<b>Combustible Liquids &amp; Liquefied Petro.</b>						
Inspections completed by DLI staff <sup>1</sup>	2,498	1,749	2,345	2,723	1,539	922
Inspection pass rate		--Recommended Measure--				
Inspections per inspector	125	87	123	170	103	100
Safety incidents		--Recommended Measure--				
<b>Certification, Accreditation &amp; Licensing<sup>2</sup></b>						
Inspections completed by DLI staff <sup>1</sup>	3,507	4,963	4,599	3,837	3,728	4,600
Inspection pass rate	85%	83%	83%	95%	94%	95%
Inspections per inspector	701	993	920	767	746	920
Safety incidents		--Recommended Measure--				

Notes:

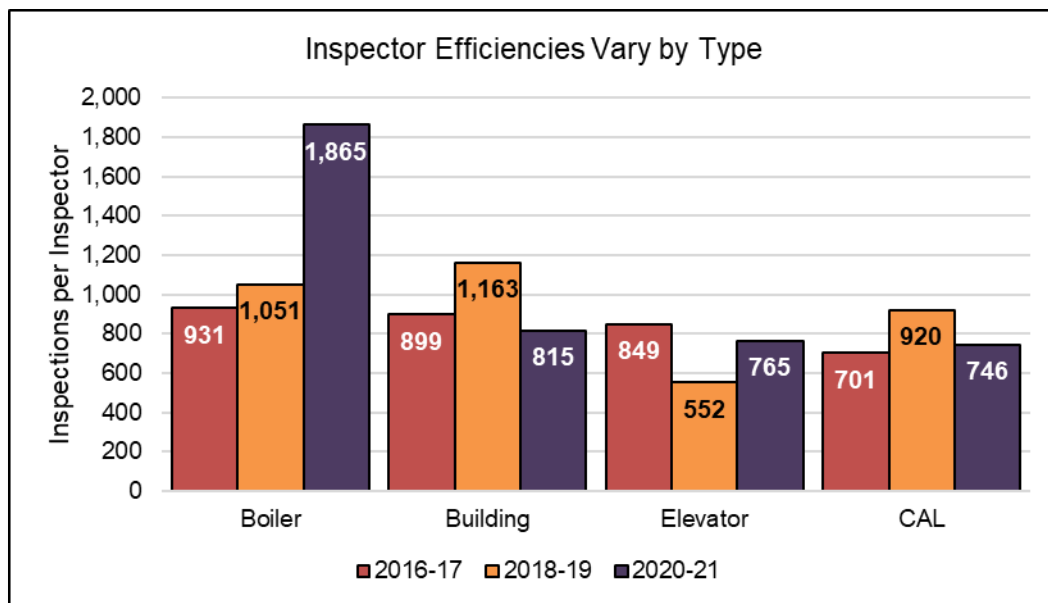
1 Data for 2016-17 reflects calendar year 2016 data.

2 See Notes on Measures.

## Notes on Measures

- Inspections listed are conducted by department staff. However, for building, elevator (80%) and boiler (67%) inspections, third party contractors conduct most of the inspections. Building inspections in particular are conducted at the local level, where most local governments (2,432 throughout the state) elect to conduct their own inspections. All inspections of state-owned buildings are conducted by the department. Some elevator inspections (initial, repair and expedited) are statutorily required to be conducted by department staff.
- The Certification, Accreditation and Licensing (CAL) Division administers lead and asbestos certifications. It also conducts product quality inspections for bedding, upholstery and stuffed animals.

BOIS is modernizing its IT systems to improve efficiencies and allow greater public interface and real-time tracking capabilities. A key enhancement will allow increased electronic processing of building plan submissions, payments, approvals/denials and field inspections. Key measures to monitor include the share of electronic applications, electronic payments and field inspections per inspector.



From FY 2016-17 to FY 2020-21 **inspector efficiencies varied by type**. Boiler inspectors doubled the number of inspections per inspector, while elevator and building inspections per inspector vary year-to-year. Elevator inspection on-time completion rates ranged from 92% to 98%, while all other inspection types achieved 100% on-time completion rates.

- This page intentionally left blank. -

## Activity 12: Labor Law Compliance

The Bureau of Labor Law Compliance administers the 13 labor and employment laws across the Commonwealth. The bureau's workload focuses on the enforcement of laws relating to wage payment, minimum wage and overtime. It also enforces additional laws that protect workers' rights, including those regulating child labor, seasonal farm labor, industrial homework, equal pay, medical fees required for employment, apprenticeship and training, misclassification of construction employees as independent contractors, mandatory overtime in health care, and most recently, requirements of E-verify in the construction industry. The bureau undertakes over 5,000 investigations annually, which results in wages recovered for workers (\$7.8 million for over 2,400 workers in 2020). When necessary, the bureau imposes administrative fines and penalties.

The department issues over 7,000 prevailing wage law determinations annually for projects covered under the Prevailing Wage Act. Additional enforcement of the Act allows the department to recoup wages withheld from employees and issue debarments for any contractor found to intentionally violate the law. The department works with the Pennsylvania Office of the Attorney General in debarment cases.

The primary goal of this activity is to enforce Pennsylvania's 13 labor laws through the investigation of complaints, the collection of withheld wages and the issuance of administrative fines, penalties and debarments when appropriate. The expected outcome is that workers receive all wages and benefits legally due to them.

### Resources for Labor Law Compliance

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$3.64	\$3.47	\$3.46	\$3.57	\$3.42	\$3.51
Operational Expenses	0.49	0.32	0.48	0.49	0.24	0.83
Other <sup>1</sup>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-2.00</u>
<b>Total</b>	<b>4.13</b>	<b>3.79</b>	<b>3.94</b>	<b>4.06</b>	<b>3.66</b>	<b>2.34</b>
<b>Expenditures by Fund</b>						
General Fund (State)	<u>\$3.96</u>	<u>\$3.68</u>	<u>\$3.86</u>	<u>\$4.06</u>	<u>\$3.66</u>	<u>\$2.34</u>
<b>Total<sup>2</sup></b>	<b>4.13</b>	<b>3.79</b>	<b>3.94</b>	<b>4.06</b>	<b>3.66</b>	<b>2.34</b>
<b>Average Weekly FTE Positions</b>	<b>38</b>	<b>36</b>	<b>34</b>	<b>35</b>	<b>33</b>	<b>36</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$96.3</b>	<b>\$95.3</b>	<b>\$100.9</b>	<b>\$102.0</b>	<b>\$103.0</b>	<b>\$97.5</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include fixed asset, non-expense and/or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Labor Law Compliance

	2016	2017	2018	2019	2020	2021
<b>Statewide</b>						
Investigations	5,101	5,138	4,076	6,085	4,320	3,612
Investigations resulting in violations		--Recommended Measure--				
Investigations per investigator	189	198	151	234	173	133
<b>Wage Payment, Min. Wage &amp; Overtime</b>						
Investigations	3,881	3,789	3,371	4,640	3,211	2,455
Investigations resulting in violations	1,418	1,269	1,485	1,550	1,103	955
Workers impacted (wage payment) <sup>1</sup>	1,315	1,719	1,366	1,454	1,042	1,710
Wages collected (\$ thousands)	\$4,689	\$2,531	\$3,249	\$4,045	\$2,448	\$2,605
<b>Prevailing Wage</b>						
Investigations	207	379	219	331	137	172
Investigations resulting in violations	47	57	74	126	77	52
Workers impacted	315	356	435	838	538	351
Wages collected (\$ thousands)	\$1,048	\$1,058	\$1,006	\$4,151	\$5,304	\$1,073
Debarments sent to PA Attorney General <sup>1</sup>	6	5	4	1	2	0
<b>Construction Worker Misclassification</b>						
Investigations	185	211	182	192	46	88
Investigations resulting in violations	187	183	249	229	115	59
Workers impacted	700	720	755	710	430	458
Administrative penalties (\$ thousands)	\$383	\$360	\$567	\$532	\$324	\$344
<b>Child Labor</b>						
Investigations	126	139	62	604	409	401
Investigations resulting in violations	26	28	48	57	56	114
Minors impacted		--Recommended Measure--				
Fines collected (\$ thousands)	\$10	\$99	\$73	\$78	\$257	\$3,132

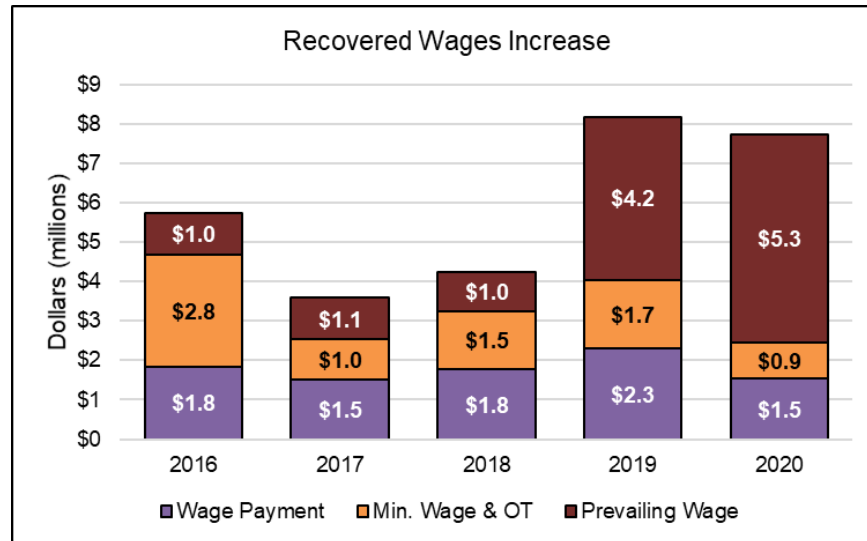
Notes: 2021 data through October 31.

<sup>1</sup> See Notes on Measures.

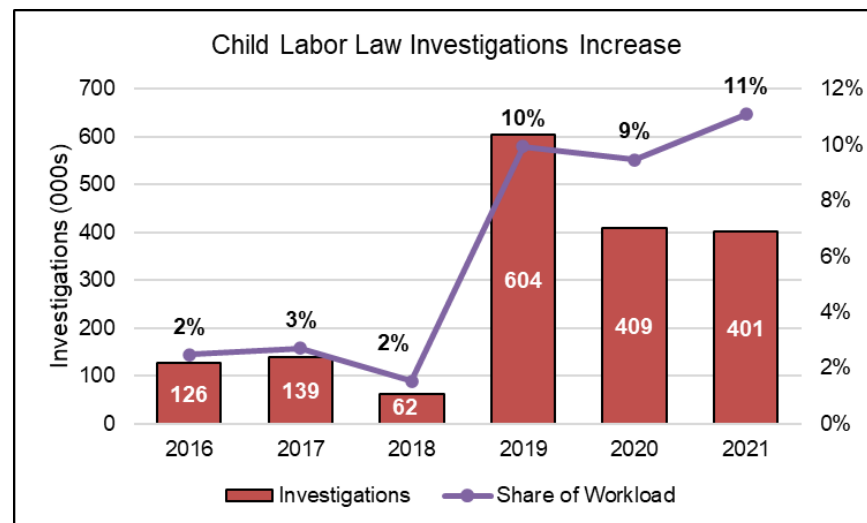
## Notes on Measures

- The numbers of workers impacted by minimum wage and overtime wage dispute cases are not currently tracked.
- The department estimates the number of misclassified construction workers under Act 72 of 2010 on an annual basis by dividing collections by the average fines.

- Under the Prevailing Wage Act, if the person or firm investigated is found to have intentionally failed to pay prevailing wages they are subject to debarment. Upon debarment, that person/firm and any firm, corporation or partnership affiliated with them may not be awarded a public contract for a period of three years. The department then sends the case to the Pennsylvania Office of the Attorney General who enforces the debarment, which includes wage collection.



From 2016 to 2020, **recovered wages** for workers under Wage Payment, Minimum Wage, Overtime and Prevailing Wage laws increased by \$2.1 million (37%). The predominant increase occurred in cases related to prevailing wage law, as collections increased from \$1.0 million (2016) to \$5.3 million (2020). This occurred as investigations under the Prevailing Wage Law fell by one-third.



The area with the largest growth in caseload was **Child Labor Law enforcement**. This area comprised only 2% of compliance workload in 2016 but grew to 9% in 2020 with a high of 10% in 2019. Violations increased from 26 in 2016 to 114 in 2021. Administrative fines collected from businesses increased from \$9,700 in 2016 to \$3.1 million in 2021.

- This page intentionally left blank. -



## Activity 13: Labor Mediation and Relations

The department's role in labor mediation occurs in two distinct areas: (1) the Bureau of Mediation and (2) the Pennsylvania Labor Relations Board (PLRB). The bureau mediates the negotiations of collective bargaining disputes in all public-sector cases, and private sector cases upon request. The bureau also provides conciliatory services to improve the overall relationship between labor and management. These services include the organization of labor-management committees, the provision of technical assistance to labor and management organizations, preventive mediation activities, and the mediation of grievances arising in the application and interpretation of collective bargaining agreements. In 2020, an average of 591 mediation cases were active each month, approximately 28 for each mediator employed by the bureau. Additionally, the bureau maintains a list of arbitrators for grievance arbitration in the public and private sectors.

The PLRB administers and enforces Commonwealth laws dealing with labor-management relations. It provides impartial oversight of the laws which guarantees bargaining rights to the public and certain private sector employees in Pennsylvania to promote stability and mutual benefit in employer/employee relationships and assure balance in the rights and interests of employers, employees and the public at large. The PLRB is composed of three members who are appointed by the governor and confirmed by the Senate to serve six-year terms, staggered at two-year intervals.

The primary goals and outcomes of this activity are as follows:

- Minimize the number and impact of work stoppages in the public and private sectors through mediation.
- Provide accurate and impartial decisions in response to complaints brought under labor relations laws to protect the interest of employers and employees.

### Resources for Labor Mediation and Relations

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$5.39	\$5.05	\$5.34	\$5.21	\$5.28	\$5.39
Operational Expenses	0.68	0.68	0.67	0.54	0.36	1.12
Other <sup>1</sup>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-3.07</u>
<b>Total</b>	<b>6.07</b>	<b>5.73</b>	<b>6.01</b>	<b>5.75</b>	<b>5.64</b>	<b>3.44</b>
<b>Expenditures by Fund</b>						
General Fund (State)	<u>\$6.06</u>	<u>\$5.73</u>	<u>\$5.99</u>	<u>\$5.75</u>	<u>\$5.64</u>	<u>\$3.44</u>
<b>Total<sup>2</sup></b>	<b>6.07</b>	<b>5.73</b>	<b>6.01</b>	<b>5.75</b>	<b>5.64</b>	<b>3.44</b>
<b>Average Weekly FTE Positions</b>	<b>42</b>	<b>39</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>44</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$128.6</b>	<b>\$128.5</b>	<b>\$135.2</b>	<b>\$133.9</b>	<b>\$136.8</b>	<b>\$122.5</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include fixed asset, non-expense and/or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Labor Mediation and Relations

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Bureau of Labor Mediation</b>						
Avg. monthly open mediation cases	654	613	517	476	591	627
Avg. mediation cases per mediator	39	37	31	30	35	38
Mediation cases closed	781	694	636	581	676	756
<u>Public sector</u>						
Strikes	7	5	2	0	3	4
Avg. days on strike	15	15	6	0	16	22
Employees on strike	--Recommended Measure--					
<u>Private sector<sup>1</sup></u>						
Strikes	0	0	0	0	0	--
Avg. days on strike	0	0	0	0	0	--
Employees on strike	--Recommended Measure--					
<b>PA Labor Relations Board</b>						
Cases filed <sup>2</sup>	542	501	479	392	400	387
Cases per examiner	181	167	160	131	133	129
Proposed decision and orders issued <sup>2</sup>	62	43	42	48	24	33
Final orders issued <sup>2</sup>	28	19	19	17	12	8
Commonwealth or Supreme Court decisions <sup>2</sup>	6	5	4	7	3	0
PLRB cases overturned by courts	2	1	1	0	0	0
Secret ballot elections conducted <sup>2</sup>	48	46	31	19	27	19
Bargaining units certified	33	34	29	17	23	12

Notes:

1 Only includes cases for which the Bureau of Mediation was involved with mediation.

2 See Notes on Measures.

## Notes on Measures

- Cases filed with the Labor Relations Board include unfair labor practice, arbitration cases and representation cases, among others. These cases are reviewed by hearing examiners who issue proposed decision and orders. Final orders are issued by the board if there is an appeal to a proposed decision and order. Many cases are concluded without a proposed decision and order as they are administratively dismissed or withdrawn by one of the parties.
- Final orders issued can be challenged at the Commonwealth or Supreme Court. The number of court decisions displays the number of decisions issued on cases previously decided by the PLRB.
- The PLRB conducts secret ballot elections and certifies exclusive bargaining representatives. The board certifies an exclusive bargaining representative if a majority of employees in the bargaining unit vote for representation.

## Activity 14: PennSERVE

PennSERVE supports national service efforts that engage Pennsylvanians to strengthen communities. The department receives annual funding from the federal Corporation for National and Community Service (CNCS) and supports on average 1,300 AmeriCorps members who serve in local AmeriCorps programs. The programs benefit individuals served, the AmeriCorps members engaged in the service and the communities in which they operate. AmeriCorps provides a wide array of services to the community such as efforts to improve youth academic performance and support and improve the infrastructure of public parks and trailways. In 2020, services included delivery of emergency services to those impacted by the COVID-19 pandemic.

The primary goals and outcomes of this activity are as follows:

- Increase services provided to Pennsylvanians through the expansion of programs and recruitment of AmeriCorps members and volunteers.
- Provide AmeriCorps members workforce training and networking opportunities to develop skills for college and/or future careers.

### Resources for PennSERVE

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$0.37	\$0.48	\$0.49	\$0.62	\$0.56	\$0.76
Operational Expenses	0.14	0.12	0.30	0.04	0.16	0.40
Grants	<u>10.07</u>	<u>9.08</u>	<u>11.00</u>	<u>11.15</u>	<u>10.94</u>	<u>21.94</u>
<b>Total</b>	<b>10.58</b>	<b>9.68</b>	<b>11.79</b>	<b>11.81</b>	<b>11.66</b>	<b>23.10</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$0.21	\$0.23	\$0.24	\$0.25	\$0.24	\$0.45
General Fund (Federal)	<u>10.37</u>	<u>9.45</u>	<u>11.55</u>	<u>11.56</u>	<u>11.42</u>	<u>22.65</u>
<b>Total</b>	<b>10.58</b>	<b>9.68</b>	<b>11.79</b>	<b>11.81</b>	<b>11.66</b>	<b>23.10</b>
<b>Average Weekly FTE Positions</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>8</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$105.7</b>	<b>\$102.1</b>	<b>\$102.1</b>	<b>\$106.9</b>	<b>\$105.7</b>	<b>\$95.0</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

## Performance Measures for PennSERVE

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Workload</b>						
PennSERVE programs	17	19	21	20	23	25
AmeriCorps members	1,399	1,367	1,392	1,188	1,092	900
<b>Outcome</b>						
Volunteers recruited/managed	787	523	581	631	1,997	--
Volunteer hours served	--	--	--	7,070	28,379	--
Non-state dollars leveraged (millions)	\$11.1	\$10.9	\$12.4	\$10.1	\$6.7	--
AmeriCorps members completing term (%)	84%	79%	77%	84%	80%	--
AmeriCorps programs achieving targets (%)	82%	89%	81%	75%	57%	--

Notes: Data reported on AmeriCorps service year (Summer-Summer).

## Activity 15: Administration and Support

The Administration and Support Activity includes the Bureau of Financial Management, Bureau of Administrative Services, and the Office of Equal Opportunity. These offices support all bureaus in the department and oversee the administration of the department's budget and Right-to-Know Law. The activity also includes the department's mail room operations, which processes over 9 million pieces of outgoing mail annually, many of which are documents relating to unemployment compensation benefits.

The activity assists in the promotion and enforcement of equal opportunity laws within the department, its programs and partners. This includes oversight of Workforce Innovations and Opportunity Act (WIOA) discrimination and bias cases filed with the Local Workforce Development Agencies (LWDAs) or the Commonwealth. Complainants may also file cases directly with the U.S. Department of Labor.

### Resources for Administration and Support

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
<b>Expenditures by Object</b>						
Personnel Services	\$48.57	\$43.74	\$23.21	\$20.48	\$20.82	\$24.20
Operational Expenses	52.27	46.38	96.05	99.31	101.65	126.03
Fixed Assets Expense	0.09	0.03	0.02	0.01	0.03	3.15
Grants	0.31	0.27	0.31	0.21	0.40	0.22
Other <sup>1</sup>	<u>-2.58</u>	<u>-2.13</u>	<u>-2.17</u>	<u>-1.98</u>	<u>-1.46</u>	<u>-1.01</u>
<b>Total</b>	<b>98.69</b>	<b>88.29</b>	<b>117.42</b>	<b>118.03</b>	<b>121.44</b>	<b>152.59</b>
<b>Expenditures by Fund</b>						
General Fund (State)	\$1.72	\$1.54	\$1.86	\$2.25	\$0.50	\$8.62
General Fund (Federal)	8.16	8.03	12.60	10.00	10.46	10.61
Special Administration Fund	0.02	0.10	5.64	2.89	3.03	1.10
Vocational Rehabilitation Fund	12.49	13.37	14.32	13.97	13.17	11.02
Administration Fund	43.11	32.10	43.07	47.94	55.71	74.38
UC Contribution Fund	0.00	2.91	13.78	5.28	5.86	0.00
Workmen's Comp. Admin. Fund	18.57	15.72	14.44	16.22	16.82	15.75
State Worker's Insurance Fund	12.89	12.42	9.61	18.01	14.03	29.08
Rehabilitation Center Fund	<u>1.65</u>	<u>2.09</u>	<u>1.93</u>	<u>1.36</u>	<u>1.72</u>	<u>1.95</u>
<b>Total<sup>2</sup></b>	<b>98.69</b>	<b>88.29</b>	<b>117.42</b>	<b>118.03</b>	<b>121.44</b>	<b>152.59</b>
<b>Average Weekly FTE Positions</b>	<b>428</b>	<b>175</b>	<b>172</b>	<b>175</b>	<b>173</b>	<b>214</b>
<b>Personnel Cost/FTE (\$ thousands)</b>	<b>\$113.5</b>	<b>\$250.4</b>	<b>\$134.6</b>	<b>\$117.0</b>	<b>\$120.6</b>	<b>\$113.1</b>

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include non-expense and/or miscellaneous expense transfer expenditures.

2 Total may include small augmentation and other special fund expenditures.

## Performance Measures for Administration and Support

	16-17	17-18	18-19	19-20	20-21	21-22
<b>Personnel</b>						
Agency FTE <sup>1</sup>	4,374	3,897	3,860	3,997	4,166	4,675
Staff turnover rate	13%	7%	7%	5%	6%	--
Office-based positions <sup>2,3</sup>	5,770	4,509	4,426	4,115	4,336	4,329
Full-time telework positions <sup>2,3</sup>	--	--	--	--	--	103
Home-headquartered positions <sup>2</sup>	133	214	209	213	211	212
<b>Information Technology</b>						
IT costs (\$ millions) <sup>3</sup>	\$61.5	\$59.9	\$83.4	\$84.6	\$87.7	\$98.3
IT cost per agency FTE <sup>4</sup>	\$14,052	\$15,375	\$21,617	\$21,174	\$21,046	\$21,019
<b>Overtime</b>						
Overtime costs (\$ millions)	\$3.3	\$4.9	\$5.9	\$10.0	\$27.7	\$15.4
Overtime cost per agency FTE <sup>4</sup>	\$762	\$1,254	\$1,517	\$2,494	\$6,645	\$3,294
<b>Human Resources</b>						
HR costs (\$ millions) <sup>3</sup>	\$4.8	\$2.9	\$5.0	\$5.1	\$5.6	\$5.8
HR cost per agency FTE <sup>4</sup>	\$1,099	\$746	\$1,291	\$1,268	\$1,334	\$1,241
<b>Facilities</b>						
Facility costs (\$ millions)	\$25.2	\$27.1	\$24.4	\$23.7	\$24.1	\$24.6
Facility space (millions sq. ft.)	--	1.66	1.64	1.59	1.57	1.56
Facility cost per square foot <sup>4</sup>	--	\$16.4	\$14.9	\$14.9	\$15.3	\$15.7
<b>Agency-specific</b>						
Documents mailed (millions)	11.2	9.8	9.3	8.7	19.5	--
WIOA discrimination cases filed	--	--	--	4	3	7
WIOA cases resolved w/in deadline	--	--	--	4	3	5

### Notes:

1 Average weekly filled FTE.

2 Measure includes filled and vacant positions as of December 31.

3 See Notes on Measures.

4 Calculations by the IFO.

## Notes on Measures

- In FY 2017-18, executive agency human resources (HR) and information technology (IT) complement were consolidated under the Office of Administration (OA). During this transitional year, executive agencies continued to pay the personnel costs associated with the HR and IT complement transferred to OA. Beginning in FY 2018-19, agencies are billed for these services as well as for a portion of the HR and IT enterprise budget previously appropriated to the OA.
- Management Directive 505.36 issued in April 2021 defines classifications of workers eligible to telework: (1) full-time telework work remotely each day of their workweek, (2) part-time telework have regularly-scheduled days working remotely and in an office and (3) ad hoc telework work remotely only in case of weather emergency or other qualified occurrences. Office-based positions include non-telework, part-time telework and ad hoc telework positions. Data from 2020 do not reflect individuals teleworking due to mitigation efforts related to the COVID-19 pandemic.

# Appendix

## Performance-Based Budgeting and Tax Credit Review Schedule

Performance-Based Budgets						
Year						
1	Corrections	Board of Probation and Parole	PA Commission on Crime & Delinquency	Juvenile Court Judges' Commission	Banking and Securities	General Services
2	Economic & Community Development	Human Services – Part 1	Health	Environmental Protection	PA Emergency Management Agency	State
3	PennDOT	Human Services – Part 2	State Police	Military & Veterans Affairs		
4	Education	Human Services – Part 3	Aging	PA Historical & Museum Commission	Agriculture	Labor and Industry
5	Drug and Alcohol Programs	Insurance	Revenue	Executive Offices	Environmental Hearing Board	Conservation and Natural Resources
Tax Credits						
Year						
1	Film Production	New Jobs	Historic Preservation Incentive			
2	Research and Development	Keystone Innovation Zones	Mobile Telecom and Broadband	Organ and Bone Marrow		
3	Neighborhood Assistance	Resource Enhancement and Protection (REAP)	Entertainment Economic Enhancement Program	Video Game Production	Keystone Special Development Zones	
4	Educational Tax Credits	Coal Refuse and Reclamation	Mixed-Use Development	Brewers'		
5	Resource Manufacturing	Manufacturing and Investment	Waterfront Development	Rural Jobs and Investment		

**IFO** Independent Fiscal Office



## Agency Response



January 10, 2022

Dear Director Knittel:

I thank the Independent Fiscal Office (IFO) for conducting its analysis of the Department of Labor & Industry (L&I) as mandated by Act 48 of 2017. This process and subsequent report have been helpful to L&I by further inspiring us to expand how we track key performance indicators and continually improve how we think about service delivery.

Below, please find L&I's agency response to the Performance-Based Budget Plan Summary and Observations.

### Activity 5: Apprenticeship & Training Office (ATO)

The IFO recommended that the ATO track the number of active pre-apprentices, the percentage of apprentices retained upon completion of their program, median salary upon completion, and the number of apprentices from underrepresented groups. The ATO agrees and would also like to track these measures. It is actively working with the United States Department of Labor (USDOL), which compiles this data, to increase access to Pennsylvania-specific data. Additionally, the ATO is working to expand tracking capacity within the Commonwealth Workforce Development System (CWDS) to track metrics like the number of underrepresented apprentices; we anticipate this project will be completed in 2023. Lastly, it is important to provide clarity around the "Cost per apprentice/pre-apprentice" as calculated by the IFO. The ATO pays for technical support of apprenticeship programs and also awards grants to help apprenticeship programs function. However, the ATO does not pay for an apprentice's salary. That cost is borne by the employer(s) or program sponsor(s), who invest in their apprenticeships by paying apprentices a wage for on-the-job training and covering job-related technical instruction costs.

### Activity 6: Vocational Rehabilitation

The IFO recommended that the Hiram G. Andrews Center (HGAC) track cost per individual employed. HGAC agrees and would also like to track this measure. However, HGAC's internal tracking system is not compatible with CWDS, which tracks Office of Vocational Rehabilitation (OVR) customers who were referred by OVR district offices to receive services at HGAC. Therefore, at this time HGAC cannot reliably track the overall employment outcomes for all customers who receive services at the Center.

### Activity 11: Occupational and Industrial Safety

The IFO requested metrics tracking expedited elevator inspections and the inspection pass rates. The IFO also recommended tracking inspection pass rates and safety incidents for building and boiler inspections, Combustible Liquids & Liquefied Petroleum, and safety incidents for Certification, Accreditation & Licensing. Currently, the Bureau of Occupational & Industrial Safety (BOIS) is working with the Office of Informational Technology (OIT) to track and report the requested elevator metrics. Once that is accomplished, along with other modernization pieces, BOIS will

Department of Labor & Industry  
651 Boas Street, Room 1700 | Harrisburg, PA 17121-0750 | T 717.705.2630 | F 717.787.8826 | [www.dli.pa.gov](http://www.dli.pa.gov)  
*Auxiliary aids and services are available upon request to individuals with disabilities.  
Equal Opportunity Employer/Program*



discuss with OIT the possibility of tracking inspection pass rates and safety incidents as an enhancement.

#### **Activity 12: Labor Law Compliance**

The IFO recommended that the Bureau of Labor Law Compliance (BLLC) track the number of investigations resulting in a violation, as well as the number of minors impacted by violations of the Child Labor Act. BLLC would like to track these metrics but is currently constrained by IT system limitations as well as staff shortages. BLLC will continue to work with IT to enhance its case tracking system.

#### **Activity 13: Labor Relations and Mediation**

The IFO recommended that the Bureau of Mediation track the number of employees on strike in the public and private sector. There is no obligation under the PA Labor Relations Act for parties to report this information to the bureau. Therefore, the bureau is unable to collect this data.

Kind Regards,

A handwritten signature in blue ink that reads "Jennifer L. Berrier". The signature is written in a cursive, flowing style.

Jennifer L. Berrier  
Secretary