

March 2, 2020

Representative Stan Saylor, Chairman
House Appropriations Committee
PO Box 202094
245 Main Capitol
Harrisburg, PA 17120-2094

Representative Matt Bradford, Democratic Chair
House Appropriations Committee
PO Box 202070
512E Main Capitol Building
Harrisburg, PA 17120-2070

Dear Chairman Saylor and Chairman Bradford:

Thank you for the opportunity to appear before the House Appropriations Committee to discuss the Governor's 2020-21 Budget Request for the Department of Labor and Industry. To ensure the committee has all the requested information to consider during the budget process, I am providing additional responses to questions that were not fully addressed during the hearing.

Representative Brown requested information on the 2.75% surcharge assessed per CIL:

OVR currently reserves a modest 2.75% administrative fee for staff time to manage the CIL grants, process Requests for Funds, confirm expenses, provide technical assistance and related tasks. This fee was implemented in 2011 after the Rehabilitation Services Administration (RSA) informed the department that federal VR funds could not be used to administer the CIL grants. OVR does not have GGO funds or another funding source to cover such operational costs so the department reserves funds out of the CIL award for administrative functions. The department has evaluated the reserve and adjusted it over time. The reserve started at 5% in 2011, reduced to 2.8% in 2013 and was reduced again to the current 2.75% in 2015. OVR believes this is a reasonable reserve based on the amount of paperwork and technical assistance that must be provided to the various entities and administration of the grants.

Representative Topper asked what specific legislative changes might be required to implement the Unemployment Compensation Modernization effort:

HB 1537 contains several modifications to the Unemployment Compensation Act that are necessary for implementation of the Benefits Modernization project. The changes are as follows:

- Amends sections 501 and 502 to provide claimants and employers with the option to elect to receive notice of UC determinations by email or mail; and,

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

*Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program*

GT 3/3/20

- Amends section 1307 to remove the reference to biweekly benefit payments in the act.

There are also two other bills that are pending that could impact the Ben Mod project. HB 68 and HB 280 would increase from 15 to 21 days the timeframe for requesting relief from charges and filing appeals, respectively. While these two legislative changes are not necessary parts of the Ben Mod project, both could financially impact and delay the project if enacted prior to the Ben Mod implementation.

Therefore, the department has requested that the effective date for the above two bills - should they be enacted - be delayed until after the implementation of the Ben Mod project. All three of the bills above have passed the House and are currently before the Senate Appropriations Committee awaiting consideration.

Representative Struzzi requested documentation to validate that the Apprenticeship Programs were compliant with Federal requirements:

Documentation as to “continued recognition” of the Pennsylvania Apprenticeship Programs is provided as Attachment #1.

Representative Owlett requested a breakdown of GGO costs and changes reflected in the Personal and Operating Major Object line items:

The increase in GGO Personnel Costs occurred primarily due to a shifting of charges previously reported under the GGO Operational line item. Below is a summary of changes to the GGO Personnel and Operating line items that reflect the cost reporting shift:

Change in GGO Personnel Costs - \$2,254,000

- \$725,000 - Changes in filled complement vacancy mix and salary benefit factor and contractual pay raises for FY 2020-21
- \$950,000 - Anticipated increase in Central Service staff time charges to GGO, based on FY 2018-19 actual time charges and filled complement
- \$579,000 - PennSERVE and New Hires personnel previously budgeted in the operational major object for FY 2019-20, now budgeted in the GGO personnel major object for FY 2020-21

Change in GGO Operating Costs - (\$1,615,000)

- (\$1,000,000) - Agency billings previously budgeted in the GGO fund; now budgeted under program funds for FY 2020-21
- (\$538,000) - PennSERVE and New Hires personnel costs previously budgeted in the operational major object for FY 2019-20; now budgeted in the GGO personnel major object for FY 2020-21
- (\$187,000) - Central Services operational budget allocation to GGO decreased for FY 2020-21

- \$110,000 - GGO funded program operational budgets increased for FY 2020-21

Representative Donatucci requested statistics on businesses that provide paid sick leave for their employees:

The following states have paid sick leave laws: Arizona, California, Connecticut, Maine, Maryland, Massachusetts, Michigan, New Jersey, Oregon, Rhode Island, Vermont, Washington, Washington D.C.. The PA cities of Philadelphia and Pittsburgh also have paid sick leave laws. While 76% of all US workers have access to paid sick time, access to paid sick time varies greatly depending on the industry workers are in and their income level.

- Approximately 40% of individuals who work in the service industry, such as food service, do not have access to paid sick time.
- 41% of individuals who work in construction, extraction, farming, fishing, and forestry do not have access to paid sick time.
- 57% of part-time workers do not have access to sick time.
- 49% of the workers in the lowest quartile of wages do not have access to paid sick time.
- 8% of workers in the highest quartile of wages do not have access - 92% do have access.

Representative Grove asked several general questions on workforce programs and success rates for employment after training including the definition for the term “participants exited.”

The term “Participants Exited” means the participant’s case was closed and they exited the program. The language change from “closure” to “exit” occurred when the federal Workforce Innovation Opportunity Act (WIOA) passed and is standard across all workforce development programs nationwide.

The remainder of Representative Grove’s questions were of such a nature that they cannot be adequately addressed in writing. During the Budget Hearing, I offered to have Department staff meet and discuss his specific areas of concerns and I again extend that offer to resolve any outstanding issues or answer any additional questions he may have regarding our workforce programs.

Representative Cox requested a breakdown of enforcement actions against employer - including fines and penalties levied - for the laws administered by the Bureau of Labor Law Compliance:

The Bureau of Labor Law Compliance is responsible for administering 13 labor and employment laws across the Commonwealth. The bureau enforces laws relating to minimum wage and overtime, wage payment and collection and prevailing wage. The bureau also enforces additional laws which protect workers’ rights, including those

regulating child labor, misclassification of construction employees as independent contractors, and mandatory overtime in health care.

The Bureau receives over 5,000 complaints each year and this fiscal year collected over \$8 million in wages for workers. Additionally, the Bureau has collected over \$500,000 in fines for violations of child labor and misclassification in the construction industry. Below is a summary of administrative remedies provided under each law.

- Wage Payment Collection: Reported collections are recovered wages returned to workers.
- Minimum Wage, Overtime Act: Reported collections are recovered wages returned to workers.
- Prevailing Wage Act: Reported collections are recovered wages returned to workers.
- Child Labor Act: Administrative penalties - deposited into General Fund.
- Misclassification of Construction Workers - Act 72: Administrative penalties - deposited into the Unemployment Compensation Admin Fund or Workers Compensation Admin Fund.
- Healthcare Mandatory Overtime - Act 102: Administrative fines - deposited into General Fund.

A historical breakdown of fines, penalties and wage collections is provided as Attachment #2.

I trust this additional information will be useful to the Committee and your respective members. Should you have any questions or need additional information, please do not hesitate to contact my Legislative Director, Neil Cashman at 717-787-5088.

Sincerely,



W. Gerard Oleksiak
Secretary

cc: Robert V. O'Brien, Executive Deputy Secretary

U.S. Department of Labor

Employment and Training Administration
 200 Constitution Avenue, N.W.
 Washington, D.C. 20210



DEC 23 2010

BLLC

DEC 29 2010

Mr. Robert O'Brien
 Director
 Bureau of Labor Law Compliance
 Pennsylvania Department of Labor and Industry
 1301 Labor and Industry Building
 7th and Forster Street
 Harrisburg, Pennsylvania 17120

Dear Mr. O'Brien:

The final rule updating Title 29 CFR part 29, Labor Standards for Registration of Apprenticeship Programs, became effective on December 29, 2008, and provided currently recognized State Apprenticeship Agencies (SAA) two years from this effective date to submit applications for recognition as a State Registration Agency for Federal purposes. The final rule provides that a recognized SAA can obtain an extension of recognition, pending attainment of compliance with Title 29 CFR part 29, where good cause for such extension is demonstrated.

The U.S. Department of Labor (DOL)/Office of Apprenticeship (OA) has received the Pennsylvania Department of Labor and Industry's written request for extension of recognition, pending attainment of compliance with Title 29 CFR part 29. OA has determined that this request and supporting materials meet the requirements of § 29.13(c) and Bulletin 2011-02, Process for State Apprenticeship Agency to Maintain Status as a Registration Agency, for Federal Purposes, Pending Attainment of Compliance with 29 CFR part 29.

OA and the DOL's Office of the Solicitor will review this request and associated drafts of application materials for conformity with the requirements of Title 29 CFR part 29. Upon completion of DOL's review, OA will provide a written response outlining preliminary areas of non-conformity and will offer technical assistance to support your Agency's efforts to submit a full, complete application for recognition that addresses the requirements contained in Title 29 CFR 29.13(a).

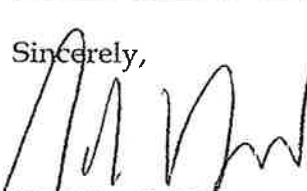
During this continuation of the transition period for compliance with Title 29 CFR part 29, the Pennsylvania Department of Labor and Industry is granted "continued recognition" as the Registration Agency for Federal purposes. This "continued recognition" status is not "open-ended"; nor does it start the five-year period of recognition specified in § 29.13(d). In addition, the Pennsylvania

Department of Labor and Industry should not consider this conferral of "continued recognition" to be an indication that the DOL will approve the drafts of application for recognition submitted on December 14, 2010. Rather, this continued recognition status is intended only to provide additional transition time for the Pennsylvania Department of Labor and Industry to submit a completed application and attain full conformity with Title 29 CFR part 29.

OA is committed to review the Pennsylvania Department of Labor and Industry's recognition application package as expeditiously as possible. As communicated in conference calls with the National Association of State and Territorial Apprenticeship Directors (NASTAD) on December 9, and December 16, 2010, OA will continue to help the States complete this process, so that SAAs which make good faith efforts to attain conformity with Title 29 CFR part 29 can attain recognition as the Registration Agency for a five-year period.

Please do not hesitate to contact Ms. Franchella Kendall, Chief of OA's Division of National Standards and Industry Promotion, with questions or issues pertaining to application for recognition and compliance with the revised Title 29 CFR part 29. Ms. Kendall can be reached at 202.693.3798 or via e-mail at kendall.franchella@dol.gov.

Sincerely,



JOHN V. LADD

Administrator

Office of Apprenticeship

cc: Franchella Kendall
Joseph T. Hersh, Regional Director, Region 2 - Philadelphia

**Construction Misclassification Act - Act 72
Statistics and Collections**

Administrative Penalties resulting from cases settled under the Construction Misclassification Act (Act 72)

Year	Violations	Penalties/Fines
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	15	\$12,700
2015	105	\$217,500
2016	143	\$383,033
2017	117	\$360,359
2018	185	\$566,845
2019	163	\$531,874

**Prohibition of Excessive Overtime in Health Care Act (Act 102)
Statistics and Collections**

Administrative Penalties resulting from cases settled under the Prohibition of Excessive Overtime in Health Care Act (Act 102)

Year	Penalties/Fines
2015	\$39,050
2016	\$16,500
2017	\$51,000
2018	\$17,000
2019	\$18,100

**Child Labor Act
Statistics and Collections**

Administrative Penalties resulting from cases settled under the Child Labor Act

Year	Violations	Penalties/Fines
2014	4	\$ 6,750.00
2015	5	\$ 13,700.00
2016	27	\$ 9,700.00
2017	28	\$ 98,650.00
2018	47	\$ 72,783.33
2019	57	\$ 78,318.68
Totals	168	\$ 279,902.01

Labor Standards
Statistics and Collections
Wage Payment and Collection Law & Minimum Wage and Overtime Act
 Historical data of Labor Standards collections from 1994 through 2019.

Year	Recovered Wages
1994	\$ 171,837.00
1995	\$ 660,423.00
1996	\$ 891,225.00
1997	\$ 1,489,256.00
1998	\$ 1,650,743.00
1999	\$ 1,564,918.00
2000	\$ 1,361,141.00
2001	\$ 1,569,082.83
2002	\$ 1,476,747.09
2003	\$ 2,474,889.79
2004	\$ 2,484,849.64
2005	\$ 2,552,031.65
2006	\$ 4,007,338.29
2007	\$ 2,749,627.67
2008	\$ 3,362,538.55
2009	\$ 3,121,945.14
2010	\$ 4,816,888.54
2011	\$ 3,456,771.48
2012	\$ 2,345,013.40
2013	\$ 2,949,484.72
2014	\$ 2,700,989.14
2015	\$ 3,877,925.81
2016	\$ 4,688,576.74
2017	\$ 2,530,600.45
2018	\$ 3,249,465.17
2019	\$4,045,227.69

Wage Payment and Collection Law & Minimum Wage and Overtime Act
Statistics and Collections

Recovered Wages returned to workers - 2015 through 2019.

Year	Wage Payment Collection	Minimum Wage and Overtime
2015	\$ 2,263,442.57	\$ 1,614,483.24
2016	\$ 1,845,589.60	\$ 2,842,987.14
2017	\$ 1,515,719.42	\$ 1,014,881.03
2018	\$ 1,774,510.70	\$ 1,477,954.47
2019	\$ 2,298,361.32	\$ 1,746,866.37
TOTALS	\$ 9,697,623.61	\$ 8,697,172.25

Prevailing Wage Statistics and Collections

The following information represents an historical accounting of
Prevailing Wage Act Collections

Dollar amounts represent recovered wages returned to workers

Year	Contractors	% Collected	Intent Voluntary Debarment	Unintentional/ Other	Adjus	Assessed	Collected
1991	26	30	5	21	0	\$275,475.84	\$82,642.75
1992	28	31	11	17	0	\$360,009.54	\$113,013.98
1993	27	54	9	18	0	\$481,072.88	\$257,714.54
1994	26	41	11	15	0	\$425,234.62	\$176,112.50
1995	15	63	9	6	0	\$282,119.82	\$176,844.44
1996	57	94	13	44	0	\$1,998,113.93	\$1,886,776.51
1997	38	111	6	32	0	\$351,262.57	\$388,924.70
1998	32	85	8	24	0	\$426,542.21	\$364,567.01
1999	56	84	9	30	17	\$545,039.52	\$458,062.02
2000	58	99	2	8	48	\$1,285,642.78	\$1,270,386.69
2001	201	92	6	7	188	\$1,677,186.18	\$1,537,520.78
2002	196	42	5	184	7	\$2,545,472.49	\$1,066,361.55
2003	220	99	11	171	38	\$3,677,424.93	\$3,669,338.73
2004	311	95	15	265	31	\$4,245,418.67	\$4,020,618.56
2005	240	91	9	168	63	\$4,647,396.70	\$4,240,977.21
2006	178	87	9	149	20	\$2,367,564.79	\$2,071,281.81
2007	279	95	10	217	52	\$3,802,888.64	\$3,622,973.33
2008	280	96	2	245	33	\$3,200,735.16	\$3,077,116.08
2009	238	88	8	211	19	\$2,665,010.98	\$2,340,572.88
2010	271	94	19	191	61	\$3,089,161.03	\$2,914,859.07
2011	138	81%	8	101	29	\$1,439,152.79	\$1,159,190.65
2012	40	90%	3	30	7	\$625,767.40	\$561,353.86
2013	52	69%	12	39	1	\$1,553,457.67	\$1,078,668.52
2014	58	83%	6	49	3	\$731,306.63	\$607,387.74
2015	43	96%	1	21	21	\$1,509,189.88	\$1,458,432.36
2016	47	96%	6	39	2	\$1,095,973.74	\$1,047,991.42
2017	60	99%	5	48	7	\$1,065,308.07	\$1,057,991.25
2018	74	95%	4	57	13	\$1,058,650.14	\$1,006,335.76
2019	125	99%	2	57	66	\$4,186,739.53	\$4,150,548.94

When the amount collected is less than assessed amount, it indicates situations when a contractor was found to have intentionally violated the Prevailing Wage Act.

Those collections are turned over to the Attorney General to pursue.

