

**State Advisory Council to Unemployment Compensation (UC)
Meeting Minutes**

Date: July 21, 2022, 11:00 a.m.

Location: Rm. 1401, L&I Building, 651 Boas St, Harrisburg, PA 17121 and Teams

Council Members present: William Trusky, Kathy Benton for Sen. Tina Tartaglione, Tiffany Bloyer, Scott Briggs, Krystal Charity, Maurice Cobb, Angela Ferritto, Tom Foley, Richard Grimaldi, Steven Grubbs, Sara Innamorato for Rep. Mullery, James Jones, Eric Kratz for Sen. Camera Bartolotta, Moshe Marvit, Geoffrey Moomaw, E. Tim O’Toole, Rep. John Scarpato for Rep. Jim Cox, Julia Simon-Mishel, Frank Sirianni, and Emily Town

Also present: Hanima Amara, Neil Cashman, Annie Fletcher, Tom Foley, Kristen Gardner, Christopher Giovanis, Maria Macus, Brian Parr, Sally Piatak, Shawn Price, Nsungwe Shamatutu, and Mere Work, Rev. Cornell Brunson, Barney Oursler, and Elizabeth Stanton

Reporter: Derek Richmond

The meeting was called to order by Chairman Bill Trusky.

1. Following the Pledge of Allegiance, the board unanimously approved the agenda (Motion: Frank Sirianni; Second: Geoff Moomaw)
2. **Report from Counsel:**
Because the Council meets in public under the Sunshine Act, it is within the jurisdiction of the Right-to-Know Law, with the ability for certain meeting records to be requested.
3. **Department Staff Reports**
 - **UC Board of Review** – Brian Parr gave an update on in-person vs. virtual hearings as requested at the last board meeting. Going back to 2018, telephonic hearings were around 12%; during the pandemic, it ranged from 75-100% telephonic hearings. During 2018, 31% of claimants prevailed in hearings; during the pandemic, 31% of claimants prevailed. So no change. When employers appealed, 37% of cases prevailed in 2018; in 2021, only 35%. So down just a couple of points. In calendar year 2018, 22% of service center determinations were appealed; in calendar year 2022 thus far, 34.4% of service center determinations were appealed. This document will be circulated to the members via email. Brian explained that telephonic hearings are extremely difficult because of the voluminous documentation and making sure claimants know what is being talked about; hence, their preference for in-person hearings in these cases. There was extensive discussion about how documents are uploaded to appeals and what happens if they’re misfiled or lost.
 - **UC Benefits Policy** – Shawn Price addressed the question Geoff Moomaw had raised previously regarding number of fraud cases that are open. It’s hard to put a number on, because you don’t know a claim is fraud until you’re investigating and discover it’s fraudulent. There are two main types of fraud: payments issued to someone who didn’t actually file for it, and then a claim was hijacked by someone else who received the claimant’s legitimate benefits fraudulently. In the latter situation, the Benefits Integrity unit has to remove the payment from the claimant’s Social

Security number because they didn't receive their money, and a relief from charges is sent back to the employer. Within the BenMod system, the number of fraudulent UC claims has approximately 35,000 to follow up on through tips & leads and the CMS tool. Fraudsters creating and switching bank accounts is another issue. Using mass adjudication, over 1.3 million UA and 142K UC claims were denied. Shawn wasn't able to provide the number of credits given to the Employer community. But if an employer believes their account wasn't fully credited for fraudulent payments, they should file a relief from charges so an investigation can determine what the employer is still owed. Some measures to help prevent fraud include limiting the number of bank accounts, requiring multi-factor authentication for certain changes, and maintaining tight security with the vendor. Also Treasury has a list of fraudulent bank routing numbers that are automatically blocked. Claimants not only file a fraud form with UC, but they contact their local police for criminal prosecution.

- **UC Service Centers** – Nsungwe Shamatutu said that fraud runs the gamut from fraudsters creating pseudo “official” UC sites (which he’s getting shut down as fast as he finds them) to international actors offering \$100 to get someone their \$10,000 in UC benefits but actually locks them out of their account and makes off with their money. Some is sophisticated and organized, some isn’t. In addition to offering in-person services, providing education on cybersecurity, and remaining vigilant to combat the various types of fraud, UC relies on members of the public to notify them of the latest scams being attempted. There’s no hard & fast way of figuring out a fraudulent claim immediately; some use fake emails, others use fake phone numbers, but the employee name and SSN is real. Employers can’t be faked, so that’s how most of the fraud notifications come to UC; the employer is asked to pay a claim that isn’t legit.
- **ID.Me** – Presented the claimant authentication system that cut down on a lot of fraudulent claims. Our user identification verification system can be used across federal and state government as well as consumer agencies; we have 93 million users operating in 9 languages. Users control their own data; we don’t sell data. The self-serve process is most common. Over 1 million Pennsylvanians and 23 million worldwide use that; videochat is for people who can’t use self-service, maybe because they don’t have the necessary documents; 230K Pennsylvanians have used this. Then there are retail centers in urban locations for in-person service. We’ve seen that the fraud isn’t just Pennsylvania or even just UC; anywhere people can be exploited for money, that’s where the fraudsters are going: disaster unemployment, rental assistance, housing assistance. And the criminals are going to where it’s easiest. Where individuals with low incomes or people of color may not be able to verify through credit, they are able to provide some of 46 documents listed through an in-person service and register that way.
- **Policy** – Tom Foley talked about preventing a FUTA tax increase for employers in 2023. It’s critical to keep a zero debt balance between Nov. 10, 2022 and Jan. 1, 2023, to avoid triggering that increase that would be paid in 2024. Because the trust fund is only at \$95 million, there’s a projection that borrowing will need to occur twice before the end of the year. If we don’t meet the zero balance on Nov. 10, there’s a FUTA loss for 2022 of .3%. The FUTA tax is 6%. But if there’s nothing owed to the fed, you get 5.4% **in tax credits for an effective rate of 0.6%**. And if there’s a credit reduction, it goes up by **0.3%**. If there’s debt on Nov. 11, there’s a .3% increase on taxable wages in 2023. And if we get stuck further for 2023, it goes up an additional .3%.

- **UC Tax** – Sally Piatak talked about the plans for collecting monies owed to PA by employers: filing liens, sending bills, doing lists of attachments, all the way up to injunctions.

4. Discussion:

- Frank Sirianni tendered his resignation from the Council because he's retiring from the PA Building trades tomorrow.
- Rep. Innamorata said in a future meeting she would like to discuss trending issues they're seeing at the district offices.

5. Public comment:

- Barney Oursler from Mon Valley talked about UC issues and presented a white paper from Keystone Research Center regarding PA's Unemployment Compensation system.

6. Following unanimous approval (Motion: Geoff Moomaw; Second: Jim Jones), meeting adjourned at 2:38 p.m.