

No. 2017-1

AN ACT

SB 250

Amending the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), entitled "An act establishing a system of unemployment compensation to be administered by the Department of Labor and Industry and its existing and newly created agencies with personnel (with certain exceptions) selected on a civil service basis; requiring employers to keep records and make reports, and certain employers to pay contributions based on payrolls to provide moneys for the payment of compensation to certain unemployed persons; providing procedure and administrative details for the determination, payment and collection of such contributions and the payment of such compensation; providing for cooperation with the Federal Government and its agencies; creating certain special funds in the custody of the State Treasurer; and prescribing penalties," in administration of act, providing for unemployment compensation service centers; and, in contributions by employers and employees, further providing for contributions by employees and for Service and Infrastructure Improvement Fund.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law, is amended by adding a section to read:

Section 202.1. Unemployment Compensation Service Centers.—Before closing an unemployment compensation service center, the department shall submit a report to the chairperson and minority chairperson of the Labor and Industry Committee of the Senate and the chairperson and minority chairperson of the Labor and Industry Committee of the House of Representatives. The report shall include the performance data and operating costs of the unemployment compensation service center as compared to other unemployment compensation service centers in this Commonwealth.

Section 2. Section 301.4(e)(2) of the act is amended and the section is amended by adding a subsection to read:

Section 301.4. Contributions by Employees.—* * *

(e) Contributions paid under this section shall be allocated by the department among the Unemployment Compensation Fund, the Reemployment Fund and the Service and Infrastructure Improvement Fund as follows:

* * *

(2) During each calendar year from 2013 through [2016] 2017, an amount determined by the secretary with the approval of the Governor shall be deposited into the Service and Infrastructure Improvement Fund. For calendar year 2013, the amount determined under this clause may not exceed forty million dollars (\$40,000,000). For calendar year 2014, the amount determined under this clause may not exceed thirty million dollars (\$30,000,000). For calendar years 2015 and 2016, the amount determined

under this clause for each calendar year may not exceed one hundred ninety million dollars (\$190,000,000) adjusted by the increase in the Bureau of Labor Statistics Consumer Price Index for the period from May 2013 through January of the calendar year less the amount of Federal administrative funding for the preceding Federal fiscal year. *For calendar year 2017, the amount determined under this clause may not exceed fifteen million dollars (\$15,000,000).*

* * *

(f) During calendar year 2017, the following shall apply to funding transferred to the Service and Infrastructure Improvement Fund and related matters regarding the fund:

(1) The department shall temporarily improve the operations of the unemployment compensation system pending the General Assembly's review of the information required by section 301.9(h) and (i) and a special performance audit conducted by the Auditor General. Funding under this clause shall be allocated as follows:

(i) Ten million eight hundred thousand dollars (\$10,800,000) shall be allocated for personnel costs related to claims processing and service to claimants.

(ii) Two million three hundred thousand dollars (\$2,300,000) shall be allocated for personnel costs related to tax services.

(iii) One million four hundred thousand dollars (\$1,400,000) shall be allocated for personnel costs related to appeals under Article V.

(iv) Five hundred thousand dollars (\$500,000) may be allocated for the purposes authorized under subclauses (i), (ii) and (iii) or for personnel costs related to program integrity and the detection and prevention of overpayments to claimants.

(2) Funding shall be expended in a manner that will result in the operations of the unemployment compensation system remaining at consistent levels for at least nine (9) calendar months following the effective date of this clause.

(3) The department shall maintain a separate accounting for the Service and Infrastructure Improvement Fund. The secretary shall provide a report to the chair of the Labor and Industry Committee of the Senate and the chair of the Labor and Industry Committee of the House of Representatives before the fifteenth day of each month during the period specified in clause (2). The report shall include all of the following:

(i) An accounting of the Service and Infrastructure Improvement Fund for the prior calendar month.

(ii) An update on operations of the unemployment compensation system.

(iii) An accounting of total funds spent on the administration of the unemployment compensation system for the prior calendar month.

(iv) An update on the progress of the procurement of technological upgrades to the delivery system for unemployment compensation benefits.

Section 3. Section 301.9 of the act is amended to read:

Section 301.9. Service and Infrastructure Improvement Fund.—(a) There is established a restricted account in the State Treasury to be known as the Service and Infrastructure Improvement Fund.

(b) Moneys in the Service and Infrastructure Improvement Fund shall consist of contributions deposited into the fund pursuant to section 301.4(e)(2).

(c) Moneys in the Service and Infrastructure Improvement Fund are appropriated on a continuing basis, upon approval of the Governor, to the department to be prioritized for the following purposes:

(1) To improve the quality, efficiency and timeliness of services provided by the service center system to individuals claiming compensation under this act, including claim filing, claim administration, adjudication services and staffing and training of system employees.

(2) Expenditures for information management technology, communications technology and other infrastructure components that the secretary determines are likely to result in significant and lasting improvements to the unemployment compensation system.

(3) To pay the costs of collecting the contributions deposited into the Service and Infrastructure Improvement Fund pursuant to section 301.4(e)(2).

(d) Consistent with the merit staffing requirement of section 303(a)(1) of the Social Security Act (49 Stat. 620, 42 U.S.C. § 503(a)(1)), no moneys in the Service and Infrastructure Improvement Fund may be expended or obligated to a third party to perform unemployment compensation services of the department, except services relating to technology and infrastructure components deemed necessary by the secretary under subsection (c)(2).

(e) Any moneys in the Service and Infrastructure Improvement Fund that are not expended or obligated as of December 31, [2018] 2019, shall be transferred to the Unemployment Compensation Fund under section 601.

(f) Moneys in the Service and Infrastructure Improvement Fund shall not lapse at any time nor be transferred to any other fund except as provided in subsection (e).

(g) No later than June 30 of each calendar year from 2014 through [2019] 2020, the department shall provide a report to the Governor and the General Assembly, through the Secretary-Parliamentarian of the Senate and the Chief Clerk of the House of Representatives, regarding the Service and Infrastructure Improvement Fund, which report shall include an accounting for the contributions deposited into the fund, the expenditures and transfers from the fund during the prior year and a description of the purposes for which expenditures from the fund were made in the prior year.

(h) No later than June 15, 2017, the department shall submit a report to the chairperson and minority chairperson of the Labor and Industry Committee of the Senate and the chairperson and minority chairperson of the Labor and Industry Committee of the House of Representatives. The report shall describe the department's plan to eliminate the department's reliance on moneys transferred into the Service and Infrastructure Improvement Fund for recurring operational costs. The General Assembly shall consider the information contained in the report when reviewing a supplemental funding request by the department for calendar years beginning after 2017.

(i) It is the intention of the General Assembly to separately review a supplemental funding request by the department for technological

upgrades to the delivery system for unemployment compensation benefits. The request shall be submitted with the report required by subsection (h) and shall include all of the following:

(1) A detailed description of the technological upgrades to the delivery system for unemployment compensation benefits.

(2) An explanation of the improvements to the unemployment compensation benefits delivery system that will result from the technological upgrades.

(3) The total estimated cost of the technological upgrades to the delivery system for unemployment compensation benefits, including the total estimated cost each year and any additional funding sources that can be used for the project.

(4) The total estimated cost savings that will result from the technological upgrades to the delivery system for unemployment compensation benefits.

(5) The time period, as specified in years, that will be necessary for the department to complete the technological upgrades to the delivery system for unemployment compensation benefits.

(6) Information on a proposal received or contract executed for technological upgrades to the delivery system for unemployment compensation benefits if publicly accessible under the act of February 14, 2008 (P.L. 6, No. 3), known as the Right-to-Know Law.

(7) A detailed description of how the technological upgrades to the delivery system for unemployment compensation benefits will impact any related recommendations in a special performance audit conducted by the Auditor General.

Section 4. This act shall take effect immediately.

APPROVED—The 24th day of April, A.D. 2017

TOM WOLF