

UNEMPLOYMENT COMPENSATION LAW - CONTRIBUTIONS BY EMPLOYEES AND
SERVICE AND INFRASTRUCTURE IMPROVEMENT FUND

Act of Dec. 20, 2017, P.L. 1191, No. 60

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HB 1915

AN ACT

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 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. Section 301.4(e)(2) of the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law, amended April 24, 2017 (P.L.1, No.1), is amended and the section is amended by adding subsections to read:

Section 301.4. Contributions by Employes.--* * *

(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 [2017] **2021**, 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). **For calendar year 2018, the amount determined under this clause may not exceed thirty million dollars (\$30,000,000). For calendar**

year 2019, the amount determined under this clause may not exceed twenty-five million dollars (\$25,000,000). For calendar year 2020, the amount determined under this clause may not exceed twenty million dollars (\$20,000,000). For calendar year 2021, the amount determined under this clause may not exceed ten million dollars (\$10,000,000).

* * *

(g) It is the intention of the General Assembly that the department will end its reliance on transfers to the Service and Infrastructure Improvement Fund. Funding allocated under subsection (e) is intended to support the operations of the unemployment compensation system and maintain adequate service levels for claimants and employers during the implementation and initial deployment of technological upgrades to the delivery system for unemployment compensation payments. During calendar years 2018 through 2021, the following shall apply to funding transferred to the Service and Infrastructure Improvement Fund and related matters regarding the fund:

(1) The department shall expend funds for the purposes authorized under section 301.9(c)(1), (3) and (4) to maintain and modernize the operations of the unemployment compensation system during the implementation and initial deployment of technological upgrades to the delivery system for unemployment compensation payments.

(2) The department shall maintain a separate accounting for the Service and Infrastructure Improvement Fund.

(3) A copy of the report required under section 301.9(g) shall be submitted to the chair and minority chair of the Labor and Industry Committee of the Senate and the chair and minority chair of the Labor and Industry Committee of the House of Representatives. In addition to the information required by section 301.9(g), the report shall include detailed information on the following:

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

(ii) An update on operations of the unemployment compensation system, including all of the following:

(A) Compliance with Federal benchmarks.

(B) Efficiency measures and cost savings implemented by the department.

(C) Staffing and service levels, including information on the timeliness of service to claimants and employers.

(D) The department's efforts regarding the detection and prevention of fraud and overpayments and the collection of any outstanding and delinquent receivables, including interest, for employer contributory and reimbursable accounts.

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

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

(v) An update on the department's progress toward ending its reliance on transfers to the Service and Infrastructure Improvement Fund.

(vi) An update on the amount of funds available to the department for administrative costs for the unemployment compensation system, including the following:

(A) The total amount of funds available during each of the five prior calendar years.

(B) An estimate of the total amount of funds that will be available for the current calendar year and the two subsequent calendar years.

(C) For the information provided under paragraphs (A) and (B), a list of each source of available funds and the amount from each source.

(h) In addition to the amounts allowed under subsection (e), an amount determined by the secretary, with the approval of the Governor, shall be deposited into the Service and Infrastructure Improvement Fund for costs related to the procurement and implementation of technological upgrades to the delivery system for unemployment compensation benefits, consistent with costs reported to the General Assembly under section 301.9(i)(3). The following shall apply:

(1) For costs incurred in calendar year 2017, the amount determined under this subsection may not exceed five million dollars (\$5,000,000). For costs incurred in calendar year 2018, the amount determined under this subsection may not exceed seven million two hundred thousand dollars (\$7,200,000). For costs incurred in calendar year 2019, the amount determined under this subsection may not exceed twelve million one hundred thousand dollars (\$12,100,000). For costs incurred in calendar year 2020, the amount determined under this subsection may not exceed five million nine hundred thousand dollars (\$5,900,000).

(2) Beginning January 1, 2018, the department may deposit into the Service and Infrastructure Improvement Fund an amount authorized by this subsection for actual costs incurred during calendar year 2017. Each quarter thereafter, the department may deposit an amount equal to actual costs incurred in the prior quarter, subject to the annual limits in clause (1).

(3) Prior to each deposit of funds under this subsection the secretary shall certify to the Governor that:

(i) the progress of the implementation and deployment of technological upgrades to the delivery system for unemployment compensation benefits is consistent with the progress benchmarks provided in each relevant contract;

(ii) the total cost of the technological upgrades will not exceed the total amount of contract costs reported to the General Assembly under section 301.9(i)(3); and

(iii) the Benefit Modernization Advisory Committee established under clause (6) has been regularly consulted with regard to the implementation and deployment of the technological upgrades.

(4) A copy of the certification under clause (3) shall be delivered to the chair and minority chair of the Labor and Industry Committee of the Senate and the chair and minority chair of the Labor and Industry Committee of the House of Representatives within fifteen (15) days of the certification to the Governor.

(5) The department shall implement and deploy the technological upgrades to the delivery system for unemployment compensation benefits in a manner which will result in significant cost savings and end the department's reliance on transfers to the Service and Infrastructure Improvement Fund, while maintaining an adequate level of service for claimants and employers, as follows:

(i) The technological upgrades shall encourage and facilitate the filing of unemployment compensation claims and information required to be provided by employers via the department's publicly accessible Internet website and other electronic means, while maintaining an adequate level of access to other forms of filing for claimants and employers.

(ii) The department shall, to the extent possible, utilize the upgrades to automate the processes regarding claim review and determination.

(iii) The implementation and deployment of the upgrades shall prioritize the generation of efficiencies throughout the unemployment compensation system, while maintaining an adequate level of service for claimants and employers.

(iv) The technological upgrades shall generate operational efficiencies by reducing the need for claimants to contact unemployment compensation service centers via telephone, including augmenting the ability of claimants to amend claim information and submit required information via the department's publicly accessible Internet website or other electronic means without requiring telephone contact with a service center.

(v) The department shall attempt to reduce the overall costs to administer the unemployment compensation system by at least twelve per centum (12%).

(6) The Benefit Modernization Advisory Committee is established to advise the department regarding the implementation and deployment of technological upgrades to the delivery system for unemployment compensation benefits. The following shall apply:

(i) The advisory committee shall consist of the following members:

(A) Three employees of the department who will regularly utilize the technological upgrades, appointed by the secretary.

(B) An information technology professional, appointed by the chair of the Labor and Industry Committee of the Senate.

(C) A representative of organized labor, appointed by the minority chair of the Labor and Industry Committee of the Senate.

(D) A representative of a group representing employers, appointed by the chair of the Labor and Industry Committee of the House of Representatives.

(E) An attorney experienced in representing unemployment compensation claimants, appointed by the minority chair of the Labor and Industry Committee of the House of Representatives.

(ii) The advisory committee shall meet within 90 days of the effective date of this clause.

(iii) One of the members appointed under subclause (i) (A) shall be selected as the chair of the advisory committee.

(iv) After the initial meeting, the chair of the advisory committee shall organize quarterly meetings of the advisory committee.

(v) The department shall provide administrative support for the advisory committee.

(vi) Members of the advisory committee shall be provided with monthly updates regarding the implementation and deployment of technological upgrades to the delivery system for unemployment compensation benefits.

(vii) The relevant department staff and representatives of relevant project vendors shall attend each quarterly meeting of the advisory committee.

(viii) The advisory committee shall have the following powers and duties:

(A) The advisory committee shall monitor the implementation and deployment of technological upgrades to the delivery system for unemployment compensation benefits.

(B) The advisory committee may request information related to the technological upgrades at any time. The department shall provide information requested unless the specific information

is determined by the department to be of a proprietary interest or the release of the information is prohibited by law.

(C) The advisory committee may make recommendations to the department regarding the technological upgrades at any time.

(D) The advisory committee may provide the department with assistance related to testing of the technological upgrades.

(E) The advisory committee shall provide a report, no later than June 30 of each year, to the chair and minority chair of the Labor and Industry Committee of the Senate and the chair and minority chair of the Labor and Industry Committee of the House of Representatives. The report shall include the advisory committee's assessment of the progress regarding the implementation and deployment of the technological upgrades, a list of recommendations that the advisory committee has made to the department and whether those recommendations have been accepted. The department shall be provided with a draft copy of the report at least thirty days prior to submission under this clause, and shall be permitted to include its response to the contents of the report. In no event shall the department be allowed to delay the submission of the report by the advisory committee.

(ix) The advisory committee shall continue to exercise the powers and duties provided under subclause (viii) until December 31, 2021, or until the advisory committee determines by a two-thirds vote that the technological upgrades have been successfully implemented, whichever is sooner.

Section 2. Section 301.9(c), (e) and (g) of the act, amended April 24, 2017 (P.L.1, No.1), are amended to read:

Section 301.9. Service and Infrastructure Improvement Fund.--* * *

(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).

(4) To pay for any costs related to the preparation of the unemployment compensation system to end its reliance on transfers to the Service and Infrastructure Improvement Fund.

* * *

(e) Any moneys in the Service and Infrastructure Improvement Fund that are not expended or obligated as of December 31, [2019] **2023**, shall be transferred to the Unemployment Compensation Fund under section 601.

* * *

(g) No later than June 30 of each calendar year from 2014 through [2020] **2024**, 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.

* * *

Section 3. This act shall take effect immediately.

APPROVED--The 20th day of December, A.D. 2017.

TOM WOLF