

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 34 Session of 2017

INTRODUCED BY SCHWEYER, DEAN, GALLOWAY, DERMODY, DAVIS,
 D. COSTA, HANNA, SCHLOSSBERG, STURLA, FRANKEL, YOUNGBLOOD,
 MENTZER, GOODMAN, BIZZARRO, BARBIN, MARKOSEK, DEASY, ROZZI,
 McNEILL, DRISCOLL, CARROLL, HARKINS, READSHAW, SAMUELSON,
 SNYDER, DALEY, WHEATLEY, HILL-EVANS, GERGELY, FREEMAN, KIM
 AND GILLEN, JANUARY 23, 2017

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, JANUARY 23, 2017

AN ACT

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

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

21 Section 1. Sections 301.4(e) (2) and 301.9 of the act of
 22 December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as
 23 the Unemployment Compensation Law, are amended to read:

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

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

5 * * *

6 (2) During each calendar year from 2013 through [2016] 2017,
7 an amount determined by the secretary with the approval of the
8 Governor shall be deposited into the Service and Infrastructure
9 Improvement Fund. For calendar year 2013, the amount determined
10 under this clause may not exceed forty million dollars
11 (\$40,000,000). For calendar year 2014, the amount determined
12 under this clause may not exceed thirty million dollars
13 (\$30,000,000). For calendar years 2015 and 2016, the amount
14 determined under this clause for each calendar year may not
15 exceed one hundred ninety million dollars (\$190,000,000)
16 adjusted by the increase in the Bureau of Labor Statistics
17 Consumer Price Index for the period from May 2013 through
18 January of the calendar year less the amount of Federal
19 administrative funding for the preceding Federal fiscal year.
20 For calendar year 2017, the amount determined under this clause
21 may not exceed fifty-seven million five hundred thousand dollars
22 (\$57,500,000).

23 * * *

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

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

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

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

10 (2) Expenditures for information management technology,
11 communications technology and other infrastructure components,
12 including technological upgrades to the delivery system for
13 unemployment compensation benefits, that the secretary
14 determines are likely to result in significant and lasting
15 improvements to the unemployment compensation system.

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

19 (4) To reimburse the Auditor General for the audit required
20 by subsection (h).

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

29 (e) Any moneys in the Service and Infrastructure Improvement
30 Fund that are not expended or obligated as of December 31,

1 [2018] 2019, shall be transferred to the Unemployment
2 Compensation Fund under section 601.

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

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

16 (h) The Auditor General shall conduct an audit of the
17 Service and Infrastructure Improvement Fund and provide a report
18 to the chairperson of the Labor and Industry Committee of the
19 Senate and the chairperson of the Labor and Industry Committee
20 of the House of Representatives no later than June 30, 2017. The
21 department shall cooperate fully with the Auditor General and
22 provide timely responses to requests for information or comment.
23 The department shall reimburse the Auditor General for the cost
24 of the audit from the Service and Infrastructure Improvement
25 Fund in an amount not to exceed three hundred thousand dollars
26 (\$300,000). The report required under this subsection shall
27 include:

28 (1) A description and accounting of expenditures made from
29 the Service and Infrastructure Improvement Fund for each
30 calendar year, including 2013, 2014, 2015 and 2016.

1 (2) An evaluation of whether all funds were expended for the
2 purposes authorized by this section.

3 (3) An evaluation of the improvements and efficiencies
4 achieved as the result of expenditures for information
5 management technology, communications technology and other
6 infrastructure components.

7 (4) An estimate of the impacts to the unemployment
8 compensation system that are likely to occur if additional
9 funding for the Service and Infrastructure Improvement Fund is
10 not authorized by the General Assembly for calendar years after
11 2017.

12 (5) Recommendations on how the department can increase the
13 efficiency of the unemployment compensation system.

14 (6) Estimates of the amount of State funding that will be
15 necessary to operate the unemployment compensation system, if
16 the system is being operated in a reasonably efficient manner.

17 (7) Any other relevant information or recommendations, as
18 determined by the Auditor General.

19 (i) Before February 15, 2017, the department shall submit a
20 report to the chairperson of the Labor and Industry Committee of
21 the Senate and the chairperson of the Labor and Industry
22 Committee of the House of Representatives. The report shall
23 describe the department's plan to eliminate its reliance on
24 transfers to the Service and Infrastructure Improvement Fund for
25 recurring operational costs. The report shall be accompanied by
26 a funding request for technological upgrades to the delivery
27 system for unemployment compensation benefits for calendar years
28 after 2017. The request shall include:

29 (1) A detailed description of the project.

30 (2) An explanation of the improvements to the benefit

1 delivery system that will result from the project.

2 (3) The total estimated cost of implementing the project.

3 (4) The amount of time in years that will be necessary to
4 implement the project, and the cost of implementing the project
5 for each year.

6 (5) An estimate of the cost savings that will result from
7 implementing the project.

8 (6) Information on any proposal received or contract
9 executed for technological upgrades to the delivery system for
10 unemployment compensation benefits, if the information is
11 available to the public under the act of February 14, 2008
12 (P.L.6, No.3), known as the Right-to-Know Law.

13 Section 2. This act shall take effect in 30 days.