



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 250

PRINTERS NO. 630

PRIME SPONSOR: Ward

REVENUE INCREASE / (DECREASE)

FUND	FY 2016/17	FY 2017/18
Service and Infrastructure Improvement Fund	See "Fiscal Impact"	
Unemployment Compensation Contribution Fund	See "Fiscal Impact"	

SUMMARY: Amends the Unemployment Compensation (UC) Law to provide funding to the Service and Infrastructure Improvement Fund (SIIF); to require monthly reports on expenditures, and to require reports on ending reliance on SIIF and for upgrades to the UC benefit delivery system. This legislation would take effect immediately.

ANALYSIS: This legislation amends the UC Law to provide up to \$15 million in funding to the Service and Infrastructure Improvement Fund (SIIF) in 2017; requires monthly reports on expenditures; requires the Department of Labor and Industry (DLI) to submit a report on ending reliance on SIIF and a supplemental funding request for upgrades to the Unemployment Compensation (UC) benefit delivery system.

UC Service Centers: Before closing a service center, DLI is required to report to the majority and minority chairs of the House and Senate Labor and Industry Committees. The report will include the performance data and operating costs of the service center, as compared to the other service centers.

2017 SIIF Funding: The legislation authorizes a transfer of up to \$15 million to SIIF for calendar year 2017. The funding is to temporarily improve the operations of the UC system and shall be allocated as follows:

- \$10.8 million for personnel related to claims processing and service to claimants.
- \$2.3 million for personnel related to tax services.
- \$1.4 million for personnel related to appeals.
- \$500,000 for any of the above or personnel related to program integrity and the detection and prevention of overpayments.

The funding must be expended in a manner that will result in consistent operational levels for at least 9 months. DLI is required to begin a separate accounting for SIIF dollars and provide monthly reports (during the 9-month period) on spending and department operations to the chairs of the House and Senate L&I committees.

Plan to End Reliance on SIIF: By June 15, 2017, DLI must provide a report to the majority and minority chairs of the House and Senate Labor and Industry Committees. The report will describe DLI's plan to eliminate reliance on SIIF transfers for recurring operational costs. The General Assembly will consider the report when reviewing a supplemental funding request for calendar years after 2017.

Funding Request for Benefit Modernization: A supplemental request for technological upgrades to the delivery system for UC benefits must be submitted with the plan to end reliance on SIIF, and it must include the following:

- A detailed description of the project.
- An explanation of the improvements to the benefit delivery system that will result from the project.
- The total estimated cost of the project, including the total estimated cost each year and any other funding sources that can be used.
- The total estimated cost savings that will result from the project.
- The number of years to complete the project.
- Information on any proposal received or contract executed for technological upgrades to the UC benefit delivery system, if the information is available to the public under the Right-to-Know Law.
- A detailed description of how the upgrades to the benefit delivery system will impact any related recommendations in a special performance audit conducted by the Auditor General.

FISCAL IMPACT: This legislation would transfer a sum of up to \$15 million from the Unemployment Compensation Contribution Fund to the SIIF for the purposes delineated within the legislation.

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House Appropriations Committee (R)

DATE: April 12, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.