

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2375 Session of 2015

INTRODUCED BY GINGRICH, SEPTEMBER 26, 2016

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, OCTOBER 18, 2016

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, amended or added July 2, 2013
24 (P.L.195, No.34), are amended to read:

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

26 (e) Contributions paid under this section shall be allocated

1 by the department among the Unemployment Compensation Fund, the  
2 Reemployment Fund and the Service and Infrastructure Improvement  
3 Fund as follows:

4 \* \* \*

5 (2) During each calendar year from 2013 through [2016] 2017,  
6 an amount determined by the secretary with the approval of the  
7 Governor shall be deposited into the Service and Infrastructure  
8 Improvement Fund. For calendar year 2013, the amount determined  
9 under this clause may not exceed forty million dollars  
10 (\$40,000,000). For calendar year 2014, the amount determined  
11 under this clause may not exceed thirty million dollars  
12 (\$30,000,000). For calendar years 2015 and 2016, the amount  
13 determined under this clause for each calendar year may not  
14 exceed one hundred ninety million dollars (\$190,000,000)  
15 adjusted by the increase in the Bureau of Labor Statistics  
16 Consumer Price Index for the period from May 2013 through  
17 January of the calendar year less the amount of Federal  
18 administrative funding for the preceding Federal fiscal year.  
19 For calendar year 2017, the amount determined under this clause  
20 may not exceed ~~forty two million eight hundred thousand dollars~~ <--  
21 ~~(\$42,800,000)~~ 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) It is the intention of the General Assembly that funds~~ <--  
20 ~~provided for the Service and Infrastructure Improvement Fund in~~  
21 ~~calendar year 2017 be utilized for the purpose of maintaining~~  
22 ~~the current service and infrastructure levels of the~~  
23 ~~unemployment compensation system, and that the General Assembly~~  
24 ~~would separately consider a funding request for the purpose of~~  
25 ~~making technological upgrades to the delivery system for~~  
26 ~~unemployment compensation benefits. Before February 15, 2017,~~  
27 ~~the department shall submit a funding request for technological~~ <--  
28 ~~upgrades to the delivery system for unemployment compensation~~  
29 ~~benefits~~ REPORT to the chairperson of the Labor and Industry <--  
30 Committee of the Senate and the chairperson of the Labor and

1 Industry Committee of the House of Representatives. THE REPORT  
2 SHALL DESCRIBE THE DEPARTMENT'S PLAN TO ELIMINATE ITS RELIANCE  
3 ON TRANSFERS TO THE SERVICE AND INFRASTRUCTURE IMPROVEMENT FUND  
4 FOR RECURRING OPERATIONAL COSTS. THE REPORT SHALL BE ACCOMPANIED  
5 BY A FUNDING REQUEST FOR TECHNOLOGICAL UPGRADES TO THE DELIVERY  
6 SYSTEM FOR UNEMPLOYMENT COMPENSATION BENEFITS FOR CALENDAR YEARS  
7 AFTER 2017. The request shall include:

8 (1) A detailed description of the project.

9 (2) An explanation of the improvements to the benefit  
10 delivery system that will result from the project.

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

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

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

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

22 Section 2. This act shall take effect in 60 days.