
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1070 Session of
2017

INTRODUCED BY KAUFFMAN, MCGINNIS, QUIGLEY, TOPPER, PICKETT,
DUSH, MACKENZIE, GREINER, COX, MILLARD, WARD, MENTZER,
READSHAW, RADER, GROVE AND A. HARRIS, APRIL 4, 2017

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, APRIL 4, 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. Section 301.4(e)(2) of the act of December 5,
22 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the
23 Unemployment Compensation Law, is amended and the section is
24 amended by adding a subsection to read:

25 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 fifteen million dollars (\$15,000,000).

22 * * *

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

26 (1) The department shall temporarily improve the operations
27 of the unemployment compensation system pending the General
28 Assembly's review of the information required by section
29 301.9(h), (i) and (j). Funding under this clause shall be
30 allocated as follows:

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

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

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

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

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

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

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

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

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

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

4 Section 2. Section 301.9(e) and (g) of the act are amended
5 and the section is amended by adding subsections to read:

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

8 (e) Any moneys in the Service and Infrastructure Improvement
9 Fund that are not expended or obligated as of December 31,
10 [2018] 2019, shall be transferred to the Unemployment
11 Compensation Fund under section 601.

12 * * *

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

23 (h) The Auditor General shall conduct an audit of the
24 Service and Infrastructure Improvement Fund and provide a report
25 to the chair of the Labor and Industry Committee of the Senate
26 and the chair of the Labor and Industry Committee of the House
27 of Representatives no later than June 1, 2017. The department
28 shall cooperate fully with the Auditor General and provide
29 timely responses to requests for information or comment.

30 (i) Before June 1, 2017, the department shall submit a

1 report to the chair of the Labor and Industry Committee of the
2 Senate and the chair of the Labor and Industry Committee of the
3 House of Representatives. The report shall describe the
4 department's plan to eliminate its reliance on transfers to the
5 Service and Infrastructure Improvement Fund for recurring
6 operational costs before January 1, 2020. The report shall be
7 accompanied by a funding request for operational costs for
8 calendar years 2018 and 2019.

9 (j) It is the intention of the General Assembly to
10 separately review a funding request for the purpose of making
11 technological upgrades to the delivery system for unemployment
12 compensation benefits. Before June 1, 2017, the department shall
13 submit a funding request for technological upgrades to the
14 delivery system for unemployment compensation benefits to the
15 chair of the Labor and Industry Committee of the Senate and the
16 chair of the Labor and Industry Committee of the House of
17 Representatives. The request shall include all of the following:

18 (1) A detailed description of the project.

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

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

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

25 (5) A detailed estimate of the cost savings that will result
26 from implementing the project.

27 (6) Information on any proposal received or contract
28 executed for technological upgrades to the delivery system for
29 unemployment compensation benefits, if the information is
30 available to the public under the act of February 14, 2008

1 (P.L.6, No.3), known as the "Right-to-Know Law."

2 Section 3. This act shall take effect immediately.