

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1915 Session of 2017

INTRODUCED BY KAUFFMAN, COX, GROVE, MCGINNIS, MILLARD, MENTZER, RADER, WARD, BLOOM, DUNBAR, TOPPER, SAYLOR, TALLMAN, DUSH, PICKETT, RYAN AND A. HARRIS, NOVEMBER 14, 2017

AS REPORTED FROM COMMITTEE ON LABOR AND INDUSTRY, HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 20, 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, amended April 24, 2017 (P.L.1,
24 No.1), is amended and the section is amended by adding
25 subsections to read:

1 Section 301.4. Contributions by Employees.--* * *

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

6 * * *

7 (2) During each calendar year from 2013 through [2017] ~~2020~~ <--
8 2021, an amount determined by the secretary with the approval of <--
9 the Governor shall be deposited into the Service and
10 Infrastructure Improvement Fund. For calendar year 2013, the
11 amount determined under this clause may not exceed forty million
12 dollars (\$40,000,000). For calendar year 2014, the amount
13 determined under this clause may not exceed thirty million
14 dollars (\$30,000,000). For calendar years 2015 and 2016, the
15 amount determined under this clause for each calendar year may
16 not exceed one hundred ninety million dollars (\$190,000,000)
17 adjusted by the increase in the Bureau of Labor Statistics
18 Consumer Price Index for the period from May 2013 through
19 January of the calendar year less the amount of Federal
20 administrative funding for the preceding Federal fiscal year.
21 For calendar year 2017, the amount determined under this clause
22 may not exceed fifteen million dollars (\$15,000,000). For
23 calendar year 2018, the amount determined under this clause may
24 not exceed ~~twenty~~ THIRTY million dollars ~~(\$20,000,000)~~ <--
25 (\$30,000,000). For calendar year 2019, the amount determined <--
26 under this clause may not exceed ~~fifteen~~ TWENTY-FIVE million <--
27 dollars ~~(\$15,000,000)~~ (\$25,000,000). For calendar year 2020, the <--
28 amount determined under this clause may not exceed ~~ten~~ TWENTY <--
29 million dollars ~~(\$10,000,000)~~ (\$20,000,000). FOR CALENDAR YEAR <--
30 2021, THE AMOUNT DETERMINED UNDER THIS CLAUSE MAY NOT EXCEED TEN

1 MILLION DOLLARS (\$10,000,000).

2 * * *

3 (g) It is the intention of the General Assembly that the
4 department will end its reliance on transfers to the Service and
5 Infrastructure Improvement Fund. Funding allocated under
6 subsection (e) is intended to support the operations of the
7 unemployment compensation system AND MAINTAIN ADEQUATE SERVICE <--
8 LEVELS FOR CLAIMANTS AND EMPLOYERS during the implementation and
9 initial deployment of technological upgrades to the delivery
10 system for unemployment compensation payments. During calendar
11 years 2018 through ~~2020~~ 2021, the following shall apply to <--
12 funding transferred to the Service and Infrastructure
13 Improvement Fund and related matters regarding the fund:

14 (1) The department shall expend funds for the purposes
15 authorized under section ~~301.9(e)~~ 301.9(C)(1), (3) AND (4) to <--
16 maintain and modernize the operations of the unemployment
17 compensation system during the implementation and initial
18 deployment of technological upgrades to the delivery system for
19 unemployment compensation payments.

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

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

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

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

3 (A) Compliance with Federal benchmarks.

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

6 (C) Staffing and service levels, INCLUDING INFORMATION ON <--
7 THE TIMELINESS OF SERVICE TO CLAIMANTS AND EMPLOYERS.

8 (D) The department's efforts regarding the detection and
9 prevention of fraud and overpayments- AND THE COLLECTION OF ANY <--
10 OUTSTANDING AND DELINQUENT RECEIVABLES, INCLUDING INTEREST, FOR
11 EMPLOYER CONTRIBUTORY AND REIMBURSABLE ACCOUNTS.

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

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

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

21 (VI) AN UPDATE ON THE AMOUNT OF FUNDS AVAILABLE TO THE <--
22 DEPARTMENT FOR ADMINISTRATIVE COSTS FOR THE UNEMPLOYMENT
23 COMPENSATION SYSTEM, INCLUDING THE FOLLOWING:

24 (A) THE TOTAL AMOUNT OF FUNDS AVAILABLE DURING EACH OF THE
25 FIVE PRIOR CALENDAR YEARS.

26 (B) AN ESTIMATE OF THE TOTAL AMOUNT OF FUNDS THAT WILL BE
27 AVAILABLE FOR THE CURRENT CALENDAR YEAR AND THE TWO SUBSEQUENT
28 CALENDAR YEARS.

29 (C) FOR THE INFORMATION PROVIDED UNDER PARAGRAPHS (A) AND
30 (B), A LIST OF EACH SOURCE OF AVAILABLE FUNDS AND THE AMOUNT

1 FROM EACH SOURCE.

2 (h) In addition to the amounts allowed under subsection (e),
3 an amount determined by the secretary with the approval of the
4 Governor shall be deposited into the Service and Infrastructure
5 Improvement Fund for costs related to the procurement and
6 implementation of technological upgrades to the delivery system
7 for unemployment compensation benefits, CONSISTENT WITH COSTS <--
8 REPORTED TO THE GENERAL ASSEMBLY UNDER SECTION 301.9(I) (3). The
9 following shall apply:

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

20 (2) Beginning January 1, 2018, the department may ~~annually~~ <--
21 deposit into the Service and Infrastructure Improvement Fund an
22 amount authorized by this subsection for actual costs incurred
23 during the prior calendar year CALENDAR YEAR 2017. EACH QUARTER <--
24 THEREAFTER, THE DEPARTMENT MAY DEPOSIT AN AMOUNT EQUAL TO ACTUAL
25 COSTS INCURRED IN THE PRIOR QUARTER, SUBJECT TO THE ANNUAL
26 LIMITS IN CLAUSE (1).

27 (3) Prior to each ~~annual~~ deposit of funds under this <--
28 subsection the secretary shall certify to the Governor that:

29 (i) the progress of the implementation and deployment of
30 technological upgrades to the delivery system for unemployment

1 compensation benefits is consistent with the progress benchmarks
2 provided in each relevant contract;

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

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

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

16 (5) The department shall implement and deploy the
17 technological upgrades to the delivery system for unemployment
18 compensation benefits in a manner which will result in
19 significant cost savings and end the department's reliance on
20 transfers to the Service and Infrastructure Improvement Fund,
21 WHILE MAINTAINING AN ADEQUATE LEVEL OF SERVICE FOR CLAIMANTS AND <--
22 EMPLOYERS, as follows:

23 (i) The technological upgrades shall encourage and
24 facilitate the filing of unemployment compensation claims AND <--
25 INFORMATION REQUIRED TO BE PROVIDED BY EMPLOYERS via the
26 department's publicly accessible Internet website and other
27 electronic means, WHILE MAINTAINING AN ADEQUATE LEVEL OF ACCESS <--
28 TO OTHER FORMS OF FILING FOR CLAIMANTS AND EMPLOYERS.

29 (ii) The department shall, to the extent possible, utilize
30 the upgrades to automate the processes regarding claim review

1 and determination.

2 (iii) The implementation and deployment of the upgrades
3 shall prioritize the generation of efficiencies throughout the
4 unemployment compensation system, WHILE MAINTAINING AN ADEQUATE <--
5 LEVEL OF SERVICE FOR CLAIMANTS AND EMPLOYERS.

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

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

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

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

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

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

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

30 (D) A representative of a group representing employers,

1 appointed by the chair of the Labor and Industry Committee of
2 the House of Representatives.

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

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

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

10 (iv) After the initial meeting, the chairperson of the
11 advisory committee shall organize quarterly meetings of the
12 advisory committee.

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

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

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

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

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

27 (B) The advisory committee may request information related
28 to the technological upgrades at any time. The department shall
29 provide information requested unless THE SPECIFIC INFORMATION IS <--
30 DETERMINED BY THE DEPARTMENT TO BE OF A PROPRIETARY INTEREST OR

1 THE RELEASE OF THE INFORMATION IS prohibited by law.

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

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

6 (E) The advisory committee shall provide a report, no later
7 than June 30 of each year, to the chair and minority chair of
8 the Labor and Industry Committee of the Senate and the chair and
9 minority chair of the Labor and Industry Committee of the House
10 of Representatives. The report shall include the advisory
11 committee's assessment of the progress regarding the
12 implementation and deployment of the technological upgrades, a
13 list of recommendations that the advisory committee has made to
14 the department and whether those recommendations have been
15 accepted. THE DEPARTMENT SHALL BE PROVIDED WITH A DRAFT COPY OF <--
16 THE REPORT AT LEAST THIRTY DAYS PRIOR TO SUBMISSION UNDER THIS
17 CLAUSE, AND SHALL BE PERMITTED TO INCLUDE ITS RESPONSE TO THE
18 CONTENTS OF THE REPORT. IN NO EVENT SHALL THE DEPARTMENT BE
19 ALLOWED TO DELAY THE SUBMISSION OF THE REPORT BY THE ADVISORY
20 COMMITTEE.

21 (ix) The advisory committee shall continue to exercise the
22 powers and duties provided under subclause (viii) until December
23 31, 2021, or until the advisory committee determines by a two-
24 thirds vote that the technological upgrades have been
25 successfully implemented, whichever is sooner.

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

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

30 (c) Moneys in the Service and Infrastructure Improvement

1 Fund are appropriated on a continuing basis, upon approval of
2 the Governor, to the department to be prioritized for the
3 following purposes:

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

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

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

17 ~~(4) To pay for costs related to the implementation and <--~~
18 ~~deployment of technological upgrades to the unemployment~~
19 ~~compensation system to end reliance on transfers to the Service~~
20 ~~and Infrastructure Improvement Fund.~~

21 (4) TO PAY FOR ANY COSTS RELATED TO THE PREPARATION OF THE <--
22 UNEMPLOYMENT COMPENSATION SYSTEM TO END ITS RELIANCE ON
23 TRANSFERS TO THE SERVICE AND INFRASTRUCTURE IMPROVEMENT FUND.

24 * * *

25 (e) Any moneys in the Service and Infrastructure Improvement
26 Fund that are not expended or obligated as of December 31,
27 [2019] ~~2022~~ 2023, shall be transferred to the Unemployment <--
28 Compensation Fund under section 601.

29 * * *

30 (g) No later than June 30 of each calendar year from 2014

1 through [2020] ~~2023~~ 2024, the department shall provide a report <--
2 to the Governor and the General Assembly, through the Secretary-
3 Parliamentarian of the Senate and the Chief Clerk of the House
4 of Representatives, regarding the Service and Infrastructure
5 Improvement Fund, which report shall include an accounting for
6 the contributions deposited into the fund, the expenditures and
7 transfers from the fund during the prior year and a description
8 of the purposes for which expenditures from the fund were made
9 in the prior year.

10 * * *

11 Section 3. This act shall take effect immediately.