
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 250 Session of
2017

INTRODUCED BY WARD, BROWNE, EICHELBERGER, STEFANO, VOGEL,
BROOKS, KILLION, VULAKOVICH, SCAVELLO, YAW, RAFFERTY,
TOMLINSON AND McILHINNEY, MARCH 20, 2017

AS REPORTED FROM COMMITTEE ON LABOR AND INDUSTRY, HOUSE OF
REPRESENTATIVES, AS AMENDED, APRIL 3, 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 administration of
16 act, providing for unemployment compensation ~~call~~ SERVICE <--
17 centers; and, in contributions by employers and employees,
18 further providing for contributions by employees and for
19 Service and Infrastructure Improvement Fund.

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

22 Section 1. The act of December 5, 1936 (2nd Sp.Sess., 1937
23 P.L.2897, No.1), known as the Unemployment Compensation Law, is
24 amended by adding a section to read:

25 Section 202.1. Unemployment Compensation ~~Call~~ SERVICE Centers. <--

1 Before closing an unemployment compensation call SERVICE <--
2 center, the department shall submit a report to the chairperson
3 and minority chairperson of the Labor and Industry Committee of
4 the Senate and the chairperson and minority chairperson of the
5 Labor and Industry Committee of the House of Representatives.
6 The report shall include the performance data and operating
7 costs of the unemployment compensation call SERVICE center as <--
8 compared to other unemployment compensation call SERVICE centers <--
9 in this Commonwealth.

10 ~~Section 2. Sections 301.4(e)(2) and 301.9 of the act are~~ <--
11 ~~amended to read:~~

12 SECTION 2. SECTION 301.4(E)(2) OF THE ACT IS AMENDED AND THE <--
13 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

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

15 (e) Contributions paid under this section shall be allocated
16 by the department among the Unemployment Compensation Fund, the
17 Reemployment Fund and the Service and Infrastructure Improvement
18 Fund as follows:

19 * * *

20 (2) During each calendar year from 2013 through [2016] 2017,
21 an amount determined by the secretary with the approval of the
22 Governor shall be deposited into the Service and Infrastructure
23 Improvement Fund. For calendar year 2013, the amount determined
24 under this clause may not exceed forty million dollars
25 (\$40,000,000). For calendar year 2014, the amount determined
26 under this clause may not exceed thirty million dollars
27 (\$30,000,000). For calendar years 2015 and 2016, the amount
28 determined under this clause for each calendar year may not
29 exceed one hundred ninety million dollars (\$190,000,000)
30 adjusted by the increase in the Bureau of Labor Statistics

1 Consumer Price Index for the period from May 2013 through
2 January of the calendar year less the amount of Federal
3 administrative funding for the preceding Federal fiscal year.
4 For calendar year 2017, the amount determined under this clause
5 may not exceed fifteen million dollars (\$15,000,000) and shall <--
6 be allocated for the purposes specified under section 301.9(c)
7 (1) and (3).

8 * * *

9 (F) DURING CALENDAR YEAR 2017, THE FOLLOWING SHALL APPLY TO <--
10 FUNDING TRANSFERRED TO THE SERVICE AND INFRASTRUCTURE
11 IMPROVEMENT FUND AND RELATED MATTERS REGARDING THE FUND:

12 (1) THE DEPARTMENT SHALL TEMPORARILY IMPROVE THE OPERATIONS
13 OF THE UNEMPLOYMENT COMPENSATION SYSTEM PENDING THE GENERAL
14 ASSEMBLY'S REVIEW OF THE INFORMATION REQUIRED BY SECTION
15 301.9(H) AND (I) AND A SPECIAL PERFORMANCE AUDIT CONDUCTED BY
16 THE AUDITOR GENERAL. FUNDING UNDER THIS CLAUSE SHALL BE
17 ALLOCATED AS FOLLOWS:

18 (I) TEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$10,800,000)
19 SHALL BE ALLOCATED FOR PERSONNEL COSTS RELATED TO CLAIMS
20 PROCESSING AND SERVICE TO CLAIMANTS.

21 (II) TWO MILLION THREE HUNDRED THOUSAND DOLLARS (\$2,300,000)
22 SHALL BE ALLOCATED FOR PERSONNEL COSTS RELATED TO TAX SERVICES.

23 (III) ONE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$1,400,000)
24 SHALL BE ALLOCATED FOR PERSONNEL COSTS RELATED TO APPEALS UNDER
25 ARTICLE V.

26 (IV) FIVE HUNDRED THOUSAND DOLLARS (\$500,000) MAY BE
27 ALLOCATED FOR THE PURPOSES AUTHORIZED UNDER SUBCLAUSES (I), (II)
28 AND (III) OR FOR PERSONNEL COSTS RELATED TO PROGRAM INTEGRITY
29 AND THE DETECTION AND PREVENTION OF OVERPAYMENTS TO CLAIMANTS.

30 (2) FUNDING SHALL BE EXPENDED IN A MANNER THAT WILL RESULT

1 IN THE OPERATIONS OF THE UNEMPLOYMENT COMPENSATION SYSTEM
2 REMAINING AT CONSISTENT LEVELS FOR AT LEAST NINE (9) CALENDAR
3 MONTHS FOLLOWING THE EFFECTIVE DATE OF THIS CLAUSE.

4 (3) THE DEPARTMENT SHALL MAINTAIN A SEPARATE ACCOUNTING FOR
5 THE SERVICE AND INFRASTRUCTURE IMPROVEMENT FUND. THE SECRETARY
6 SHALL PROVIDE A REPORT TO THE CHAIR OF THE LABOR AND INDUSTRY
7 COMMITTEE OF THE SENATE AND THE CHAIR OF THE LABOR AND INDUSTRY
8 COMMITTEE OF THE HOUSE OF REPRESENTATIVES BEFORE THE FIFTEENTH
9 DAY OF EACH MONTH DURING THE PERIOD SPECIFIED IN CLAUSE (2). THE
10 REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

11 (I) AN ACCOUNTING OF THE SERVICE AND INFRASTRUCTURE
12 IMPROVEMENT FUND FOR THE PRIOR CALENDAR MONTH.

13 (II) AN UPDATE ON OPERATIONS OF THE UNEMPLOYMENT
14 COMPENSATION SYSTEM.

15 (III) AN ACCOUNTING OF TOTAL FUNDS SPENT ON THE
16 ADMINISTRATION OF THE UNEMPLOYMENT COMPENSATION SYSTEM FOR THE
17 PRIOR CALENDAR MONTH.

18 (IV) AN UPDATE ON THE PROGRESS OF THE PROCUREMENT OF
19 TECHNOLOGICAL UPGRADES TO THE DELIVERY SYSTEM FOR UNEMPLOYMENT
20 COMPENSATION BENEFITS.

21 SECTION 3. SECTION 301.9 OF THE ACT IS AMENDED TO READ:

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

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

29 (c) Moneys in the Service and Infrastructure Improvement
30 Fund are appropriated on a continuing basis, upon approval of

1 the Governor, to the department to be prioritized for the
2 following purposes:

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

8 (2) Expenditures for information management technology,
9 communications technology and other infrastructure components, ~~including technological upgrades to the delivery system for~~ <--
10 ~~unemployment compensation benefits,~~ that the secretary
11 determines are likely to result in significant and lasting
12 improvements to the unemployment 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 (d) Consistent with the merit staffing requirement of
18 section 303(a)(1) of the Social Security Act (49 Stat. 620, 42
19 U.S.C. § 503(a)(1)), no moneys in the Service and Infrastructure
20 Improvement Fund may be expended or obligated to a third party
21 to perform unemployment compensation services of the department,
22 except services relating to technology and infrastructure
23 components deemed necessary by the secretary under subsection
24 (c)(2).

25 (e) Any moneys in the Service and Infrastructure Improvement
26 Fund that are not expended or obligated as of December 31,
27 [2018] 2019, shall be transferred to the Unemployment
28 Compensation Fund under section 601.

29 (f) Moneys in the Service and Infrastructure Improvement
30 Fund shall not lapse at any time nor be transferred to any other

1 fund except as provided in subsection (e).

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

12 (h) No later than June 15, 2017, the department shall submit
13 a report to the chairperson and minority chairperson of the
14 Labor and Industry Committee of the Senate and the chairperson
15 and minority chairperson of the Labor and Industry Committee of
16 the House of Representatives. The report shall describe the
17 department's plan to eliminate the department's reliance on
18 moneys transferred into the Service and Infrastructure
19 Improvement Fund for recurring operational costs. The General
20 Assembly shall consider the information contained in the report
21 when reviewing a supplemental funding request by the department
22 FOR CALENDAR YEARS BEGINNING AFTER 2017. <--

23 (i) A IT IS THE INTENTION OF THE GENERAL ASSEMBLY TO <--
24 SEPARATELY REVIEW A supplemental funding request by the
25 department for technological upgrades to the delivery system for
26 unemployment compensation benefits. ~~for calendar years beginning~~ <--
27 ~~after 2017~~ THE REQUEST SHALL BE SUBMITTED WITH THE REPORT <--
28 REQUIRED BY SUBSECTION (H) AND shall include all of the
29 following:

30 (1) A detailed description of the technological upgrades to

1 the delivery system for unemployment compensation benefits.

2 (2) An explanation of the improvements to the unemployment
3 compensation benefits delivery system that will result from the
4 technological upgrades.

5 (3) The total estimated cost of the technological upgrades
6 to the delivery system for unemployment compensation benefits,
7 including the total estimated cost each year and any additional
8 funding sources that can be used for the project.

9 (4) The total estimated cost savings that will result from
10 the technological upgrades to the delivery system for
11 unemployment compensation benefits.

12 (5) The time period, as specified in years, that will be
13 necessary for the department to complete the technological
14 upgrades to the delivery system for unemployment compensation
15 benefits.

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

21 (7) A detailed description of how the technological upgrades
22 to the delivery system for unemployment compensation benefits
23 will impact any related recommendations in a special performance
24 audit conducted by the Auditor General.

25 Section 3 4. This act shall take effect immediately.

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