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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1915 Session of  
2017

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

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REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, NOVEMBER 14, 2017

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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 Employes.--\* \* \*

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 an amount determined by the secretary with the approval of the  
9 Governor shall be deposited into the Service and Infrastructure  
10 Improvement Fund. For calendar year 2013, the amount determined  
11 under this clause may not exceed forty million dollars  
12 (\$40,000,000). For calendar year 2014, the amount determined  
13 under this clause may not exceed thirty million dollars  
14 (\$30,000,000). For calendar years 2015 and 2016, the amount  
15 determined under this clause for each calendar year may not  
16 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 million dollars (\$20,000,000). For calendar  
25 year 2019, the amount determined under this clause may not  
26 exceed fifteen million dollars (\$15,000,000). For calendar year  
27 2020, the amount determined under this clause may not exceed ten  
28 million dollars (\$10,000,000).

29 \* \* \*

30 (g) It is the intention of the General Assembly that the

1 department will end its reliance on transfers to the Service and  
2 Infrastructure Improvement Fund. Funding allocated under  
3 subsection (e) is intended to support the operations of the  
4 unemployment compensation system during the implementation and  
5 initial deployment of technological upgrades to the delivery  
6 system for unemployment compensation payments. During calendar  
7 years 2018 through 2020, the following shall apply to funding  
8 transferred to the Service and Infrastructure Improvement Fund  
9 and related matters regarding the fund:

10 (1) The department shall expend funds for the purposes  
11 authorized under section 301.9(c) to maintain and modernize the  
12 operations of the unemployment compensation system during the  
13 implementation and initial deployment of technological upgrades  
14 to the delivery system for unemployment compensation payments.

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

17 (3) A copy of the report required under section 301.9(g)  
18 shall be submitted to the chair and minority chair of the Labor  
19 and Industry Committee of the Senate and the chair and minority  
20 chair of the Labor and Industry Committee of the House of  
21 Representatives. In addition to the information required by  
22 section 301.9(g), the report shall include detailed information  
23 on the following:

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

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

28 (A) Compliance with Federal benchmarks.

29 (B) Efficiency measures and cost savings implemented by the  
30 department.

1 (C) Staffing and service levels.

2 (D) The department's efforts regarding the detection and  
3 prevention of fraud and overpayments.

4 (iii) An accounting of total funds spent on the  
5 administration of the unemployment compensation system for the  
6 prior calendar year.

7 (iv) An update on the progress of the implementation and  
8 deployment of technological upgrades to the delivery system for  
9 unemployment compensation benefits.

10 (v) An update on the department's progress toward ending its  
11 reliance on transfers to the Service and Infrastructure  
12 Improvement Fund.

13 (h) In addition to the amounts allowed under subsection (e),  
14 an amount determined by the secretary with the approval of the  
15 Governor shall be deposited into the Service and Infrastructure  
16 Improvement Fund for costs related to the procurement and  
17 implementation of technological upgrades to the delivery system  
18 for unemployment compensation benefits. The following shall  
19 apply:

20 (1) For costs incurred in calendar year 2017, the amount  
21 determined under this subsection may not exceed five million  
22 dollars (\$5,000,000). For costs incurred in calendar year 2018,  
23 the amount determined under this subsection may not exceed seven  
24 million two hundred thousand dollars (\$7,200,000). For costs  
25 incurred in calendar year 2019, the amount determined under this  
26 subsection may not exceed twelve million one hundred thousand  
27 dollars (\$12,100,000). For costs incurred in calendar year 2020,  
28 the amount determined under this subsection may not exceed five  
29 million nine hundred thousand dollars (\$5,900,000).

30 (2) Beginning January 1, 2018, the department may annually

1 deposit into the Service and Infrastructure Improvement Fund an  
2 amount authorized by this subsection for actual costs incurred  
3 during the prior calendar year.

4 (3) Prior to each annual deposit of funds under this  
5 subsection the secretary shall certify to the Governor that:

6 (i) the progress of the implementation and deployment of  
7 technological upgrades to the delivery system for unemployment  
8 compensation benefits is consistent with the progress benchmarks  
9 provided in each relevant contract;

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

13 (iii) the Benefit Modernization Advisory Committee  
14 established under clause (6) has been regularly consulted with  
15 regard to the implementation and deployment of the technological  
16 upgrades.

17 (4) A copy of the certification under clause (3) shall be  
18 delivered to the chair and minority chair of the Labor and  
19 Industry Committee of the Senate and the chair and minority  
20 chair of the Labor and Industry Committee of the House of  
21 Representatives within fifteen (15) days of the certification to  
22 the Governor.

23 (5) The department shall implement and deploy the  
24 technological upgrades to the delivery system for unemployment  
25 compensation benefits in a manner which will result in  
26 significant cost savings and end the department's reliance on  
27 transfers to the Service and Infrastructure Improvement Fund, as  
28 follows:

29 (i) The technological upgrades shall encourage and  
30 facilitate the filing of unemployment compensation claims via

1 the department's publicly accessible Internet website and other  
2 electronic means.

3 (ii) The department shall, to the extent possible, utilize  
4 the upgrades to automate the processes regarding claim review  
5 and determination.

6 (iii) The implementation and deployment of the upgrades  
7 shall prioritize the generation of efficiencies throughout the  
8 unemployment compensation system.

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

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

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

24 (i) The advisory committee shall consist of the following  
25 members:

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

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

30 (C) A representative of organized labor, appointed by the

1 minority chair of the Labor and Industry Committee of the  
2 Senate.

3 (D) A representative of a group representing employers,  
4 appointed by the chair of the Labor and Industry Committee of  
5 the House of Representatives.

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

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

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

13 (iv) After the initial meeting, the chairperson of the  
14 advisory committee shall organize quarterly meetings of the  
15 advisory committee.

16 (v) The department shall provide administrative support for  
17 the advisory committee.

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

22 (vii) The relevant department staff and representatives of  
23 relevant project vendors shall attend each quarterly meeting of  
24 the advisory committee.

25 (viii) The advisory committee shall have the following  
26 powers and duties:

27 (A) The advisory committee shall monitor the implementation  
28 and deployment of technological upgrades to the delivery system  
29 for unemployment compensation benefits.

30 (B) The advisory committee may request information related

1 to the technological upgrades at any time. The department shall  
2 provide information requested unless prohibited by law.

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

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

7 (E) The advisory committee shall provide a report, no later  
8 than June 30 of each year, to the chair and minority chair of  
9 the Labor and Industry Committee of the Senate and the chair and  
10 minority chair of the Labor and Industry Committee of the House  
11 of Representatives. The report shall include the advisory  
12 committee's assessment of the progress regarding the  
13 implementation and deployment of the technological upgrades, a  
14 list of recommendations that the advisory committee has made to  
15 the department and whether those recommendations have been  
16 accepted.

17 (ix) The advisory committee shall continue to exercise the  
18 powers and duties provided under subclause (viii) until December  
19 31, 2021, or until the advisory committee determines by a two-  
20 thirds vote that the technological upgrades have been  
21 successfully implemented, whichever is sooner.

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

24 Section 301.9. Service and Infrastructure Improvement  
25 Fund.--\* \* \*

26 (c) Moneys in the Service and Infrastructure Improvement  
27 Fund are appropriated on a continuing basis, upon approval of  
28 the Governor, to the department to be prioritized for the  
29 following purposes:

30 (1) To improve the quality, efficiency and timeliness of

1 services provided by the service center system to individuals  
2 claiming compensation under this act, including claim filing,  
3 claim administration, adjudication services and staffing and  
4 training of system employees.

5 (2) Expenditures for information management technology,  
6 communications technology and other infrastructure components  
7 that the secretary determines are likely to result in  
8 significant and lasting improvements to the unemployment  
9 compensation system.

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

13 (4) To pay for costs related to the implementation and  
14 deployment of technological upgrades to the unemployment  
15 compensation system to end reliance on transfers to the Service  
16 and Infrastructure Improvement Fund.

17 \* \* \*

18 (e) Any moneys in the Service and Infrastructure Improvement  
19 Fund that are not expended or obligated as of December 31,  
20 [2019] 2022, shall be transferred to the Unemployment  
21 Compensation Fund under section 601.

22 \* \* \*

23 (g) No later than June 30 of each calendar year from 2014  
24 through [2020] 2023, the department shall provide a report to  
25 the Governor and the General Assembly, through the Secretary-  
26 Parliamentarian of the Senate and the Chief Clerk of the House  
27 of Representatives, regarding the Service and Infrastructure  
28 Improvement Fund, which report shall include an accounting for  
29 the contributions deposited into the fund, the expenditures and  
30 transfers from the fund during the prior year and a description

1 of the purposes for which expenditures from the fund were made  
2 in the prior year.

3 \* \* \*

4 Section 3. This act shall take effect immediately.