



— Senate Committee on Labor and Industry —

Senator Kim L. Ward
Chairman

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House Bill 1915 Printer's No. 2735

Prime Sponsor: Kauffman
Committee: Labor and Industry

SYNOPSIS:

Amends the Unemployment Compensation (UC) Law to provide a four year exit ramp of Service and Infrastructure Improvement Fund (SIIF) support for UC system administration and implementation of technological upgrades to the UC benefit delivery system.

SUMMARY:

Provides for transfers of a portion of employee contributions to SIIF for operational purposes in the following amounts:

- CY 2018: \$30 million
- CY 2019: \$25 million
- CY 2020: \$20 million
- CY 2021: \$10 million

Expresses the General Assembly's intent is for the Department of Labor and Industry (Department) to end its reliance on transfers to SIIF and provides that the supplemental funding is intended to support UC operations and maintain adequate service to claimants and employers during the implementation and initial deployment of technological upgrades to the UC benefit delivery system (benefit modernization).

Requires a separate accounting for SIIF.

Requires an annual report, submitted to the four caucus Labor and Industry committee chairs, to include:

- An accounting of SIIF for the prior calendar year.
- An update on operations of the UC system to include:
 - Compliance with federal performance benchmarks;
 - Efficiency and cost savings measures implemented;

- Staffing and service levels, including information on timeliness of service;
- Efforts regarding detection and prevention of fraud and overpayments;
- An accounting of total funds spent to administer the UC system for the prior calendar year;
- An update on the progress of benefit modernization implementation;
- An update on the Department's progress toward ending its reliance on SIIF;
- An update on the amount of funds available for administrative costs historically and as estimated in future years, including the source of all administrative funds.

Provides funding for the benefit modernization project as requested by the Department for costs incurred in the following years:

- CY 2017: \$5 million
- CY 2018: \$7.2 million
- CY 2019: \$12.1 million
- CY 2020: \$5.9 million

Provides that on January 1 of 2018, the Department may deposit into SIIF the amount authorized for actual costs incurred during CY 2017. Each quarter thereafter, the Department may deposit an amount equal to actual costs incurred in the prior quarter, subject to the annual limits.

Prior to each deposit, the Secretary of the Department must certify to the Governor that:

- The progress of the benefit modernization project is consistent with progress benchmarks in each relevant contract.
- The total cost of the project will not exceed the total amount of contract costs reported to the General Assembly (\$35 million).
- The Benefit Modernization Advisory Committee has been regularly consulted regarding the project.

Requires that benefit modernization be implemented and deployed in a manner that will result in significant cost savings and end the Department's reliance on SIIF, while maintaining adequate service for claimants and employers. This should include:

- Encouraging and facilitating the filing of UC claims electronically.
- Utilizing the upgrades to automate the claim review and determination processes to the extent possible.
- Prioritizing the generation of system efficiencies to include reducing the need for claimants to call UC service centers and augmenting the ability of claimants to amend claim information and submit required information electronically.
- Attempting to reduce the overall costs to administer the UC system by at least 12 percent.

Establishes the Benefit Advisory Committee to advise the Department on benefit modernization implementation. The committee shall include:

- Three employees of the Department who will regularly utilize the technological upgrades, appointed by the Secretary;
- An IT professional appointed by the Chair of the Senate Labor and Industry Committee;
- A representative of organized labor, appointed by the Minority Chair of the Labor and Industry Committee;
- A representative of employers, appointed by the Chair of the House Labor and Industry Committee;
- An attorney experienced in representing claimants, appointed by the Minority Chair of the House Labor and Industry Committee.

The committee will meet within 90 days of the effective date and one of the Department employees will be selected to chair the committee. The chair will organize quarterly meetings with relevant Department staff and project vendors. Committee members will also receive monthly updates regarding benefit modernization.

The committee will have the following powers and duties:

- Monitoring the benefit modernization project.
- Requesting information related to the project at any time. The Department shall provide information unless it is determined to be of a proprietary interest or the release of the information is prohibited by law.
- Making recommendations to the Department about benefit modernization.
- Providing assistance related to the testing of system upgrades.
- Providing an annual report to the four caucus Labor and Industry committee chairs to include an assessment of the progress, recommendations made and whether recommendations have been followed. The Department shall have the opportunity to respond to the contents of the committee report.

The committee will exercise its duties until December 31, 2021 or until they determine by a two-thirds vote that the benefit modernization system has been successfully implemented, whichever is sooner.

Clarifies that SIIF funds may be used for purposes that will end the Department's reliance on SIIF.

Effective Date: Immediately

BILL HISTORY:

Introduced 11-14-17

Reported as amended (21-1) from House Labor and Industry Committee 11-20-17

Reported as committed from House Appropriations 12-5-17

House Final passage (183-4) 12-5-17

Prepared by: Kratz 12/7/2017