



November 23, 2016

Bruce Beemer, Attorney General
Pennsylvania Office of Attorney General
16th Floor, Strawberry Square
Harrisburg, PA 17120

Tyrone Powell, Acting Inspector General
Pennsylvania Office of Inspector General
8th Floor, Forum Place, 555 Walnut Street
Harrisburg, PA 17101

Eugene DePasquale, Auditor General
Pennsylvania Department of the Auditor General
Room 229
Finance Building
Harrisburg, PA 17120-0018

Dear Generals Beemer, DePasquale and Powell:

On Thursday, November 17, the Pennsylvania Department of Labor and Industry distributed a news release titled, “Senate’s Failure to Vote on HB 2375 Forces Layoffs” which highlighted 600 pending staff layoffs due to the inaction on legislation to transfer additional dollars from the Unemployment Compensation (UC) Funds to the Unemployment Compensation Service and Infrastructure Improvement Fund (SIIF).

In reference to the planned layoffs for unemployment compensation call center employees, Secretary Mandarino stated in the news release, “The department has made great strides in efficiency and now, due to the Senate’s lack of action, those strides – and service to our state’s unemployed – have been jeopardized.”

The department has been authorized through statute to transfer revenue from the UC Funds to the SIIF since 2013. Furthermore, the department, like similar labor departments in every other state, receives federal funding to maintain these call centers.

When the legislature authorized these transfers to occur through Act 34 of 2013, the law required the funding to be used for technology upgrades, among other expenses including staffing call centers. Furthermore, the law included a requirement of an annual report to the governor and legislature containing “an accounting for the contributions deposited into the fund, the expenditures and transfers from the fund during the prior year and a description of the purposes for which expenditures from the fund were made in the prior year.”

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To date, the department has failed to provide a concrete plan to reduce its dependence on this fund transfer.

We are respectfully asking you and your agency to investigate the use of SIIF funds over the last four years. Specifically, has the department utilized these funds over the last four years according to statute and what steps has the department taken to reduce its reliance on this fund transfer annually? Furthermore, we would like to see a thorough audit of SIIF expenditures for each of the last four years (2013-16).

We find it extremely troubling that for over the last four years, the department transferred over \$178 million from the UC Fund to the SIIF with little accountability. We believe there needs to be an unbiased review of the manner in which the department has spent these funds to date, as well as any recommendations you may have for us and the General Assembly as a whole.

Thank you for your time and consideration. We look forward to hearing from you.

Sincerely,



DAVID G. ARGALL
State Senator
29th District



JERRY KNOWLES
State Representative
124th District

CC: Senator Joe Scarnati, President Pro Tempore
Senator Jake Corman, Majority Leader
Senator Lisa Baker, Chair, Labor and Industry Committee

Representative Mike Turzai, Speaker of the House of Representatives
Representative Dave Reed, Majority Leader
Representative Kerry Benninghoff, Chair, Majority Policy Committee