



Senate Labor and Industry Committee

Senator John R. Gordner

Chairman

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**SENATE BILL 1375
PRINTER'S NO. 1889**

SPONSOR: Sen. Gordner

Senate Bill 1375 amends section 401-A of the act of December 5, 1936 (2nd Sp. Sess., 1937, P.L. 2897, No. 1) known as the Unemployment Compensation (UC) Law to further provide for an extension of UC extended benefits (EB) as authorized and funded by the United States Congress.

When Congress passed the Temporary Payroll Tax Cut Continuation Act of 2011, which was signed into law on December 23, 2011, it provided a 60-day extension of the federally-funded EB program.

In order to qualify for the 60-day extension, Pennsylvania's UC Law must be amended to provide an alternative "state 'on' indicator."

This legislation would provide an alternative three-year look-back "on" indicator for any period when Congress has authorized and funded EB through April 30, 2012. This is necessary because on February 4th, claimants would not be eligible for the 5 additional weeks of EB which are authorized by Congress through March 10, 2012. A similar provision was enacted into law through Act 6 of 2011 to provide federally-funded EB through December 31, 2011.

Through the American Recovery and Reinvestment Act of 2009 (ARRA), Congress provided 100% funding for EB for private employers and has consistently extended that funding mechanism through subsequent unemployment extensions.

Conversely, the total cost of the benefits will be assessed to the state as an employer and to county and municipal governments as well as school districts. The reasoning is that governmental entities along with certain nonprofits are given the option to be a reimbursable employer. Reimbursable employers are those that, in lieu of normal UC contributions, reimburse the UC Fund directly for the amount of benefits paid out to a claimant.

The extended benefit program was implemented through the Federal-State Extended Benefit Unemployment Compensation Act of 1970. Under normal economic conditions, the additional weeks of benefits are a shared 50/50 federal-state funding match.

The act shall take effect immediately and shall be applied retroactively to December 31, 2011.

Joshua D. Funk, Esq.
January 13, 2012