

UNEMPLOYMENT COMPENSATION

A Report

of the

JOINT STATE GOVERNMENT COMMISSION

to the

GENERAL ASSEMBLY

OF THE

COMMONWEALTH OF PENNSYLVANIA

February 1949

LETTER OF TRANSMITTAL

To the Members of the General Assembly of the Commonwealth of Pennsylvania:

Pursuant to the provisions of Act No. 459, Session of 1937, as amended by Act No. 380, Session of 1939, Section 2(b), we submit herewith a report dealing with the unemployment compensation laws of Pennsylvania.

In accordance with Act No. 4, Session of 1943, Section 1, the Commission created a subcommittee to expedite the study.

On behalf of the Commission the cooperation of the members of the subcommittee is gratefully acknowledged.

Weldon B. Heyburn, Chairman

Joint State Government Commission
Capitol Building
Harrisburg, Pennsylvania
February 1949

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INTRODUCTION

Because of the opportunity to obtain advantage to Pennsylvania taxpayers and the public and to further industrial growth in the Commonwealth, it was found desirable to review present provisions of the unemployment compensation laws and to revise them in order to take advantage of these benefits and to provide for improvement in the administration of the law.

The Commission recommends that the waiting period for obtaining merit rating, which reduces the time in which the maximum 2.7% rate has to be paid, be shortened by a year and that certain other changes be made to permit increased administrative efficiency in the operation of the law.

The specific recommendations of the Commission are contained in Senate Bill No. 286 (1949, introduced February 15, 1949). This bill proposes amendments to the Act of December 5, 1936 (1937, P. L. 2897).

For the convenience of the members of the General Assembly, the attached table has been prepared. The first column of the table lists the section of the Act sought to be amended; and the second column sets forth the purpose of the proposed amendments.

The table is divided into three parts as follows:

Part I reproduces obsolete provisions which are to be eliminated.

Part II reproduces provisions with simple editorial changes.

Part III contains provisions which may be partially obsolete, which are in need of clarification, or which are new amendments to the present law.

PART I

TEXT

PURPOSE

Section 4(a)

(a) "Base Year" ~~with respect to each benefit year which begins subsequent to the thirty-first day of May, one thousand nine hundred and forty-five, and prior to the first day of October, one thousand nine hundred and forty-five, means the calendar year one thousand nine hundred and forty-four, and with respect to each benefit year which begins subsequent to the thirtieth day of September, one thousand nine hundred and forty-five~~ means the first four of the last five completed calendar quarters immediately preceding the first day of ~~such~~ an individual's benefit year.

Eliminates provisions the effective period of which has expired.

Section 4(b)

(b) "Benefit Year" ~~(i) with respect to an individual who files a "Valid Application for Benefits" as of a day subsequent to the thirty-first day of May, one thousand nine hundred and forty five, and prior to the first day of October, one thousand nine hundred and forty-five, means the period beginning with the day for which such "Valid Application for benefits" is filed and ending the thirty-first day of May, one thousand nine hundred and forty-six, (ii) with respect to an individual who files or has filed a "Valid Application for Benefits" as of a day subsequent to the thirtieth day of September, one thousand nine hundred and forty-five,~~ means the one-year period beginning with the day as of which such "Valid Application for Benefits" is filed, and ~~(iii)~~ thereafter the one-year period beginning with the day as of which such individual next files a "Valid Application for Benefits" after the termination of his last benefit year.

Eliminates provisions the effective period of which has expired.

Section 4(j) (First paragraph)

(j) "Employer" means every--(1) individual, (2) copartnership, (3) association, (4) corporation (domestic or foreign), (5) the legal representative, trustee in bankruptcy, receiver or trustee of any individual, copartnership, association or corporation, or (6) the legal representative of a deceased person, ~~(I) who or which employed or employs any employe (whether or not the same employe) in employment subject to this act for some portion of each of some twenty (20) days, each day being in a different calendar week, during the calendar year one thousand nine hundred thirty-six, or during any calendar year thereafter, to and including the calendar year one thousand nine hundred and forty-four, or~~ who or which employed or employs any employe in employment subject to this act for some portion of a day during ~~the~~ a calendar year ~~one thousand nine hundred and forty-five or for some portion of a day during any calendar year thereafter,~~ or ~~(II) who or which has elected to become fully subject to this act, and whose election remains in force.~~

Eliminates provisions the effective period of which has expired.

Section 4(k)

(k) "Employer's Experience" means a percentage obtained by dividing the "Wages of a Compensated Employee", as defined in subsection (y) of this section, paid by an employer to all of his compensated employes during the first twelve (12) of the last fourteen (14) completed

Eliminates provisions the effective period of which has expired.

Section 4(k) (Cont.)

calendar quarters immediately preceding the calendar year which includes the calendar quarter to which the contribution rate is applicable. Less any credit for reemployment with respect to benefit years ending prior to the first day of June, one thousand nine hundred and forty-five, which was credited to the employer during such twelve (12) calendar quarters, by the total wages paid by the employer to all his employes during such twelve (12) calendar quarters. Credit for reemployment previously allocated to a calendar year shall be deemed to have been allocated as of the last two calendar quarters of such calendar year.

Section 203(e)

(e) The Governor shall appoint and fix the compensation of such referees as may be deemed necessary with power to take testimony in any appeals coming before the board. Such appointment shall be subject to the provisions of the act, approved the fifth day of August, one thousand nine hundred and forty-one (Pamphlet Laws, seven hundred fifty-two). Provided, That any person who, on the first day of April, one thousand nine hundred and forty-five, was employed as a referee, may make application to the Civil Service Commission prior to the first day of July, one thousand nine hundred and forty-five, for appointment as a referee under the regular classified service, and, notwithstanding any provisions of said act or any other act to the contrary, upon finding by said commission that he or she possesses the minimum qualifications therefor, shall be so appointed. Any other person appointed as referee subsequent to the first day of April, one thousand nine hundred and forty-five, shall be appointed only in the manner provided in said act for employes in the classified service.

Eliminates provisions the effective date for which has expired.

Section 204 (Last paragraph)

Strike out this section.

Eliminates provisions the effective date for which has expired.

Section 205

Section 205. Stabilization of Employment; Partial and Seasonal Unemployments.--The department shall take appropriate steps to--(a) reduce and prevent unemployment, (b) encourage and assist in the adoption of practical methods of vocational training and guidance, (c) investigate, recommend, advise and assist in the establishment, by political subdivisions, of reserves for public works to be used in times of business depression and unemployment, and (d) promote the reemployment of unemployed workers. (e) make studies of ~~partial~~ unemployment and recommendations in respect to

Eliminates provisions the effective date for which has expired.

TEXT

PURPOSE

Section 205 (Cont.)

provisions for the payment of compensation for partial unemployment, and (f) make studies of seasonal unemployment and recommendations in respect to provisions for seasonal industries under this system of unemployment compensation.]

Copies of all such studies and recommendations shall be transmitted to the Governor.

[Section 313

Section 313. Temporary Contributions by Employers and Experience Rating.—Notwithstanding the provisions of section 301 of this act, if on the first day of April, one thousand nine hundred and forty-seven, the balance in the Unemployment Trust Fund to the credit of the Commonwealth of Pennsylvania is nine and one tenth per centum or more of the total wages of all employes paid during the first four of the last six completed calendar quarters as reported to the department by the thirty-first day of December, one thousand nine hundred and forty-six, and if an employer has complied with the requirements of section 301 (e) of this act, and also has paid contributions into the fund for one or more quarters in each of the last five completed calendar years, then such employer's rate of contribution for the last three calendar quarters of the year, one thousand nine hundred and forty-seven, as hereby further adjusted, shall be the rate set opposite such employer's adjusted rate under the provisions of said section 301 prior to the amendments thereto made by this amendatory act in the following table:

The effective date of this provision has expired.

Adjusted Rate under Section 301 hercof	Further Adjusted Rate under this Section
1.0%	.5%
1.5	.7
2.0	1.0
2.5	1.5
2.7	2.7

Provided, however, That if on the first day of July or on the first day of October, one thousand nine hundred and forty-seven, the balance in the Unemployment Trust Fund to the credit of the Commonwealth of Pennsylvania is less than eight and one tenth per centum of the total wages of all employes paid during the first four of the last six completed calendar quarters as reported to the department then and in that event the provisions of section 301 (f) prior to the amendments thereto made by this amendatory act shall apply.]

Section 401 (first paragraph)

Section 401. Qualifications Required to Secure Compensation.—Compensation shall be payable to any employe who is or becomes unemployed [except that payment with respect to weeks ending

Eliminates provisions the effective date of which has expired.

TEXT

PURPOSE

Section 401 (Cont.)

subsequent to the sixth day of June, one thousand nine hundred and forty-five, and prior to the first day of January, one thousand nine hundred and forty-six, shall be made only for weeks of total unemployment, as provided in section four hundred and four (c), and who--

(a) Has, within his base year, been paid wages for employment equal to not less than thirty (30) times his weekly benefit rate;

(b) Has registered for work at, and thereafter continued to report at, an employment office in accordance with such regulations as the secretary may prescribe, except that the secretary may by regulation waive or alter either or both of the requirements of this clause as to individuals attached to regular jobs and as to such other types of cases or situations with respect to which he finds that compliance with such requirements would be oppressive or would be inconsistent with the purposes of the act: Provided, however, That no such regulation shall conflict with section four hundred and one (c) of this act;

(c) Has made a valid application for benefits with respect to the benefit year for which compensation is claimed and has made a claim for compensation in the proper manner and on the form prescribed by the department;

(d) Is able to work and available for suitable work; and

(e) Has been unemployed for a waiting period of one week.

No week shall be counted as a week of unemployment for the purposes of this subsection,

(1) unless it occurs within the benefit year which includes the week with respect to which such employe claims compensation, or (2) if compensation has been paid or is payable with respect thereto, or (3) unless the employe was eligible for compensation with respect thereto under all other provisions of this section and was not disqualified with respect thereto under Section 402 (a), (b), (d), (c) and (f).

Section 404 (c)

(c) Any otherwise eligible employe shall be entitled during his benefit year to an amount equal to his weekly benefit rate multiplied by the number which appears at the top of a column under "PART C", to be ascertained by locating on the same horizontal line on which his weekly benefit rate appears the interval which includes the total wages paid to him during his base year: Provided, That if at the end of any calendar quarter the balance in the Unemployment Trust Fund to the credit of Pennsylvania is less than one and one-half times the highest amount paid out for compensation less any refunds during any twelve consecutive months, no employe shall be paid compensation with respect to the same benefit year, would be in excess of sixteen times the employe's weekly benefit rate or two hundred and eighty-eight dollars (\$288), whichever is the lesser: And: Provided further, that no employe shall be paid compensation in excess of twenty times his weekly benefit rate with respect to any benefit year which begins prior to the first day of October, one thousand nine hundred forty-seven.

Eliminates provisions the effective date of which has expired.

Weeks of unemployment ending during the next calendar quarter in an amount which, together with any amounts previously paid with respect to

TEXT

PURPOSE

Section 606

Section 606. Transfer of Funds to Railroad Unemployment Insurance Account.--Notwithstanding any requirements of the foregoing section of this article, the department shall, prior to whichever is the later of (1) thirty days after the close of this session of the Legislature and (2) July first, one thousand nine hundred and thirty-nine, authorize and direct the Secretary of the Treasury of the United States to transfer from the account of the Unemployment Compensation Fund of the Commonwealth of Pennsylvania in the Unemployment Trust Fund, established and maintained pursuant to section nine hundred four of the Social Security Act, as amended, to the Railroad Unemployment Insurance Account, established and maintained pursuant to section ten of the Railroad Unemployment Insurance Act, an amount hereinafter referred to as the preliminary amount; and shall, prior to whichever is the later of (1) thirty days after the close of this session of the Legislature and (2) January first, one thousand nine hundred and forty, authorize and direct the Secretary of the Treasury of the United States to transfer from this state's account in said Unemployment Trust Fund to said Railroad Unemployment Insurance Account an additional amount, hereinafter referred to as the liquidating amount. The preliminary amount shall consist of that proportion of the balance in the Unemployment Compensation Fund as of June thirtieth, one thousand nine hundred and thirty-nine, as the total amount of contributions collected from employers (as the term "Employer" is defined) in section 1(a) of the Railroad Unemployment Insurance Act, approved June twenty-fifth, one thousand nine hundred thirty-eight (52 U. S. Stat. 1094), and credited to the Unemployment Compensation Fund bears to all contributions theretofore collected under this act and credited to the Unemployment Compensation Fund. The liquidating amount shall consist of the total amount of contributions collected from employers (as the term "Employer" is defined) in section 1 (a) of the Railroad Unemployment Insurance Act, approved June twenty-fifth, one thousand nine hundred thirty-eight (52 U. S. Stat. 1094), pursuant to the provisions of this act during the period July first, one thousand nine hundred and thirty-nine to December thirty-first, one thousand nine hundred thirty-nine, inclusive.

The effective date of this provision has expired.

Section 1001

Section 1001. Termination of Compensation Rights of Certain Employes.--No employe shall have or assert any right to unemployment compensation under Unemployment Compensation Law of this Commonwealth with respect to unemployment occurring after June thirtieth, one thousand nine hundred and thirty-nine based upon wages earned for services performed either as an employe, representative, or in the employ of an employer when either such employe, representative, or employer has been determined by the agency or agencies empowered to make such determinations under the provisions of the Act of Congress known as the Railroad Unemployment Insurance Act (52 U. S. Stat. 1094), to be subject to the provisions of the aforesaid act or to an Act of Congress establishing an unemployment compensation system of maritime employes, irrespective of when performed; nor shall wages for such services be included for purposes of determining eligibility under section four hundred one, or rate of compen-

The effective date of this provision has expired.

TEXT

PURPOSE

Section 1001 (Cont.)

sation under section four hundred three, with respect to any benefit year commencing on or after July first, one thousand nine hundred and thirty-nine.

PART II

TEXT

PURPOSE

Section 201

(a) It shall be the duty of the department to administer and enforce this act through such employment service and public employment offices as have been or may be constituted in accordance with the provisions of this act and existing laws. It shall have power and authority to adopt, amend, and rescind such rules and regulations, require such reports from employers, employes, the board and from any other person deemed by the department to be affected by this act, make such investigations and take such other action as it deems necessary or suitable. Such rules and regulations shall not be inconsistent with the provisions of this act, and shall be effective in the manner the department shall prescribe. The department shall submit to the Governor a biennial report covering the administration and operation of this act and shall make such recommendations for amendments to this act as it deems proper.

Editorial correction.

Section 304(d)

(d) As to any employer who fails to petition for reassessments re-assessment, or, having petitioned after due notice of hearing, fails to appear and be heard, or, in case of a re-assessment, to appeal to the Court of Common Pleas of Dauphin County within the time and in the manner herein provided, such assessment or re-assessment of the department shall then become final, and the contributions and interest assessed or re-assessed by the department become forthwith due and payable, and no defense which might have been determined by the department or in the event of appeal from re-assignment re-assessment by the court shall be available to any employer in any suit or proceeding brought by the Commonwealth in the name of the fund for the recovery of such contribution based on such assessment or re-assessment.

Editorial corrections.

Section 312(c)

(c) Wages or services upon the basis of which an individual may become entitled to benefits under an unemployment compensation law of another state or of the Federal Government shall be deemed to be wages for employment for the purpose of determining his rights to benefits under this act, and wages for employment as defined in this act on the basis of which an individual may become entitled to benefits under this act shall be deemed to be wages or services on the basis of which unemployment compensation under such law of another state or of the Federal Government is payable, but no such arrangement shall be entered into unless it contains provisions for reimbursements from the fund for such of the compensation paid under such other law upon the basis of wages for employment as defined in this act as the department finds will be fair and reasonable as to all affected interests, and

Editorial correction

TEXT

Section 312(d) (last paragraph)

To the extent permissible under the laws and Constitution of the United States, the department is authorized to enter into or cooperate in arrangements whereby facilities and services provided under this act and facilities and services provided under the unemployment compensation law of any foreign government may be utilized for the taking of claims and payment of benefits under the employment security law of this State or under a similar law of such government and

PURPOSE

Editorial correction

FART III

TEXT

PURPOSE

Section 4(1)(1)

(1) "Employment" means [(i)] all personal service performed [/] prior to the first day of January, one thousand nine hundred forty-five, which was employment as defined in this section prior to the effective date of this amendment, and (ii) all service performed after the thirty-first day of December, one thousand nine hundred forty-four, which is employment as defined in this section as hereby amended] for wages by an individual under any contract of hire, express or implied, written or oral, including service in interstate commerce and service as an officer of a corporation [/] performed for remuneration or under any contract of hire, express or implied, written or oral.]

(1) Eliminates provisions the effective period of which has expired.
(2) Expresses more precisely the original intent of the provision.

Section 4(1)(2)(B) (last paragraph)

[/] An individual performing services for remuneration in an employment subject to this act shall be deemed to be performing such services for wages] Services performed by an individual for wages shall be deemed to be employment subject to this act unless and until it is shown to the satisfaction of the department that --(a) such individual has been and will continue to be free from control or direction over the performance of such services both under his contract of service and in fact; and (b) [that such service is either outside the usual course of the business for which such service is performed, or that such service is performed outside of all the places of business of the enterprise for which such service is performed; and (c) that] as to such services such individual is customarily engaged in an independently established trade, occupation, profession or business

(1) Expresses more precisely the original intent of the provision.
(2) Eliminates the "three-way" conjunctive test to determine whether or not employment is subject to the act. This "three-way" test was originally adopted by practically all the states but has since been eliminated by many states because it has caused unnecessary confusion. No change in coverage is intended or will occur.

Section 4(1)(4)(7)

Service performed in the employ of [/] a corporation, community chest, fund or foundation, organized and] an organization operated exclusively for religious, charitable, scientific, literary, recreational or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation.

Section 4(1)(6)

Notwithstanding any of the other provisions of section four (1), services performed for an employer who with respect to such services is required to pay a Federal tax against which credit may be taken for contributions paid under this act shall be deemed to be employment [/] If with respect to such services a tax is required to be paid under any Federal law imposing a tax against which credit may be taken for contributions required to be paid into a State Unemployment Compensation Fund] subject to this act and to be performed for such employer.

Expresses more precisely the original intent of the provision.

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TEXT

PURPOSE

Section 4 (q)

(q) "Social Security Board" means the Social Security Board established by the Social Security Act or such other agency or agencies of the United States to which the authority of the Social Security Board may be transferred.

The Social Security Board has been replaced by the Social Security Administration under the Federal Security Agency. This amendment obviates the necessity of changing reference to the Social Security Board throughout the act and will cover any future change in name of the Federal agency referred to.

Section 4 (x) (first paragraph)

(x) "Wages" means all remuneration for employment (including the cash value of mediums of payment other than cash) paid with respect to all services performed subsequent to December thirty-first, one thousand nine hundred and forty-one, and paid or payable with respect to all services performed prior to January first, one thousand nine hundred and forty-two his employment except that the term "wages" shall not include:

- (1) Eliminates provisions the effective period of which has expired.
- (2) Expresses more precisely the original intent of the provision.

Section 4(x)(1)

(1) That part of the remuneration which, after remuneration equal to is in excess of the first three thousand dollars (\$3,000) has been paid, to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during the calendar year one thousand nine hundred forty and during each calendar year thereafter to and including the calendar year one thousand nine hundred forty-six; and that part of remuneration which after remuneration equal to three thousand dollars (\$3,000), with respect to employment after the thirty-first day of December, one thousand nine hundred thirty-nine, has been paid to an individual by an employer during any calendar year after the thirty-first day of December, one thousand nine hundred forty-six, is paid to such individual by such employer during such calendar year. each of his employers during a calendar year: Provided, That an employer may take credit under this subsection for remuneration which he has paid to an individual in the same calendar year on which contributions have been required and paid by such employer under an unemployment compensation law of another state, but no such credit may be taken for remuneration which has been paid by another employer, whether or not contributions have been paid thereon by such other employer under this act or under any state unemployment compensation law. Remuneration in excess of three thousand dollars (\$3,000) excluded from the definition of wages under

- (1) Eliminates provisions the effective period of which has expired.
- (2) Provides that an employer in determining the "first \$3000 in wages paid" may consider wages paid which are subject to contribution under another state's unemployment compensation law. Example: If employe A is paid \$2000 in 1948 by Employer X for services performed in New Jersey, and is then transferred by X to Pennsylvania, he need only pay contributions on the next \$1000 paid to A during 1948. This makes the total reportable wages paid by X equal to the amount which he must report under the Federal Act and permits him to obtain full credit under that act.
- (3) Since wages as defined are only the first \$3000 earned during a calendar year, this amendment also provides that high salaried employes shall have considered for benefit purposes only the first \$3000 earned. Example: Employe A receives \$12000 in 1948. Contributions are only paid on the first \$3000 (received during the first quarter of 1948). If A becomes unemployed January 1, 1949, his base year will be October 1, 1947 to September 30, 1948. Based on wages of \$3000 reported for the first quarter of 1948, he will be entitled to maximum benefits. However, if he is still unemployed, without any intervening employment, on January 1, 1950, he will not be eligible for a second benefit year as his

TEXT

PURPOSE

the provisions of this subsection may not be considered in determining the compensation rights of any individual under this act and in determining such rights the first three thousand dollars (\$3000) of remuneration in which contributions are payable shall be considered as paid only in the calendar quarter or quarters in which such amount was actually paid.

base period would be October 1, 1948 to September 30, 1949, for although he was paid \$3000 during the fourth quarter of 1948, such payments were not "wages" as defined and no contributions were paid thereon. This is no change from the present policy of the Department, but explicitly sets forth in the law the limitation of the rights of such employes. It places high paid workers on the same basis as many low paid employes who are normally not eligible for benefits in two consecutive benefit years without intervening employment.

by an employer of such employe

Section 4(y)

(y) "Wages of a Compensated Employe", [with respect to each benefit year which begins prior to the first day of June, one thousand nine hundred and forty-five, means wages which were paid to the compensated employe in the base year immediately preceding the employe's benefit year and which wages shall be treated as though they had been paid in the calendar quarter in which the first compensation of the employe's benefit year was paid, and with respect to each benefit year which begins subsequent to the thirty-first day of May, one thousand nine hundred and forty-five,] means the first one thousand three hundred and sixty-six dollars (\$1366) in wages which were paid to [the] a compensated employe by [an employer of such employe in] each of such compensated employe's employers during the base year immediately preceding the employe's benefit year and which wages shall be treated as though they had been paid in the calendar quarter in which that amount of compensation was paid, which, together with any amounts of compensation previously paid with respect to such benefit year, equals at least three times the employe's weekly benefit rate; Provided, that, in the event of the transfer of "Employer's Experience" as provided in subsection (g) of section three hundred and one, wages paid by the preceding employer shall be considered, for purposes of this subsection, as wages paid by the successor-in-interest.

- (1) Eliminates provisions the effective period for which has expired.
- (2) Expresses more precisely the original intent of the provision. No change from present policy.

Section 206 (last paragraph)

Any employer who has been determined by the department to be subject to the reporting provisions of this act and has been so notified, and who neglects or refuses to file or to complete in such manner as the department may prescribe either the periodic report required by the department to establish the amount of such contributions or the periodic

Reduces the penalty for failure to report for employers whose contributions amount to less than \$5.

TEXT

PURPOSE

report required by the department showing the amount of wages paid to each employe, or both, on or before the date such reports are required to be filed, shall pay a penalty of five dollars (\$5.00) one hundred (100) per centum of the total amount of contributions paid or payable by the employer for the period: Provided, That such penalty shall be not less than one dollar (\$1.00) or more than five dollars (\$5.00). Such penalty shall apply to the reports for each period with respect to which such reports are required to be filed: _____ with respect
Provided, That such penalty shall not apply to reports for any period to which the last day for filing such reports is prior to a date on which the department has notified the employer that he has been determined an employer subject to the reporting provisions of this act, unless the reports for such prior periods are not filed within thirty days after the employer has been so notified. The penalties provided by this section shall be in addition to all other penalties provided for in this act.

Section 301(a)

(a) Each employer shall pay contributions with respect to the calendar year one thousand nine hundred forty-eight fifty and each calendar year thereafter, at a rate equal to two and seven-tenths per centum of wages paid by him for employment: Provided, however, That such rate shall be adjusted in accordance with the following provisions of this section if the employer has paid contributions under this act for one or more quarters in each of the five calendar years immediately preceding the year for which the rate is applicable three fiscal years ending the thirtieth day of June immediately preceding the year for which the rate is applicable and has also paid contributions under this act for the first, second or third calendar quarters of the fiscal year ending the thirtieth day of June immediately preceding such three fiscal years.

(A.1) Except as specifically provided under section four hundred four, wages paid with respect to employment performed under shipping articles shall, for the purposes of this act, be considered as having been paid as of a date determined under rules and regulations of the department irrespective of when actual payment was made to the employe.

Section 301(b)

(b) Each employer with respect to any period prior to the first day of January, one thousand nine hundred forty-eight fifty, shall be liable for contributions in accordance with the provisions of this act applicable to each period in effect prior to the effective date of this amendment, and for these purposes such provisions shall remain in force and effect.

- (1) Reduces the period during which an employer must have paid contributions in order to be eligible for consideration for a reduced rate to the minimum allowable under Federal standards.
- (2) Places eligibility on a fiscal year basis to correspond to the basis on which employer's experience is computed.

Change in text to correspond with effective date of these amendments.

TEXT

PURPOSE

Section 301(c)

(c) The rate of contribution payable by an employer entitled to an adjustment between the minimum rate of five-tenth (.5) of one per centum and the maximum rate of two and seven-tenths per centum for each calendar year shall be determined for each calendar year prior to the due date of his first contribution for the year in accordance with the following table.

TABLE

State Experience--	Employer's Experience			
	Col. 1	Col. 2	Col. 3	Col. 4
6% or less	17	25	34	42
7	14	21	29	36
8	13	19	25	31
9	11	16	22	28
10	10	15	20	25
11	9	14	18	23
12	8	13	17	21
13	8	12	15	19
14	7	11	14	18
15	7	10	13	17
16	6	9	12	16
17	6	9	12	15
18	6	8	11	14
19	5	8	11	13
20	5	8	10	13
21	5	7	10	12
22	5	7	9	11
23	4	7	9	11
24	4	6	8	10
Rate of Contribution:	1%	1.5%	2%	2.5%

(1) Changes the standard or basic minimum rates from 1.0, 1.5 percent, etc., to .5, .7 percent, etc. This represents no change in rates since a corresponding adjustment has been made under Section 301(f) eliminating further reduction from the present 1.0 percent basic minimum. Although employers will not receive lower rates than heretofore, the tables will be much more readily understood by employers and will result in administrative simplicity.

(2) Two additional columns (2.0 and 2.5) are added to the table providing for intermediate rates between 1.5 and 2.7 percent. Under the present provisions, as long as there is a large balance in the fund, employers who are unable to qualify for at least a rate of 1.5 percent must pay 2.7 percent. This is patently inequitable to those comparatively few employers who fall in this group and intermediate graduated rates are hereby provided.

TEXT

PURPOSE

TABLE

State Experience--

Employer's Experience--

	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	<u>Col. 6</u>
<u>6% or less</u>	<u>17</u>	<u>25</u>	<u>34</u>	<u>42</u>	<u>51</u>	<u>59</u>
<u>7</u>	<u>14</u>	<u>21</u>	<u>29</u>	<u>36</u>	<u>44</u>	<u>51</u>
<u>8</u>	<u>13</u>	<u>19</u>	<u>25</u>	<u>31</u>	<u>37</u>	<u>43</u>
<u>9</u>	<u>11</u>	<u>16</u>	<u>22</u>	<u>28</u>	<u>33</u>	<u>39</u>
<u>10</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
<u>11</u>	<u>9</u>	<u>14</u>	<u>18</u>	<u>23</u>	<u>27</u>	<u>32</u>
<u>12</u>	<u>8</u>	<u>13</u>	<u>17</u>	<u>21</u>	<u>25</u>	<u>30</u>
<u>13</u>	<u>8</u>	<u>12</u>	<u>15</u>	<u>19</u>	<u>22</u>	<u>26</u>
<u>14</u>	<u>7</u>	<u>11</u>	<u>14</u>	<u>18</u>	<u>21</u>	<u>25</u>
<u>15</u>	<u>7</u>	<u>10</u>	<u>13</u>	<u>17</u>	<u>20</u>	<u>23</u>
<u>16</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>16</u>	<u>19</u>	<u>22</u>
<u>17</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>
<u>18</u>	<u>6</u>	<u>8</u>	<u>11</u>	<u>14</u>	<u>16</u>	<u>19</u>
<u>19</u>	<u>5</u>	<u>8</u>	<u>11</u>	<u>13</u>	<u>15</u>	<u>18</u>
<u>20</u>	<u>5</u>	<u>8</u>	<u>10</u>	<u>13</u>	<u>15</u>	<u>18</u>
<u>21</u>	<u>5</u>	<u>7</u>	<u>10</u>	<u>12</u>	<u>15</u>	<u>17</u>
<u>22</u>	<u>5</u>	<u>7</u>	<u>9</u>	<u>11</u>	<u>13</u>	<u>15</u>
<u>23</u>	<u>4</u>	<u>7</u>	<u>9</u>	<u>11</u>	<u>13</u>	<u>15</u>
<u>24</u>	<u>4</u>	<u>6</u>	<u>8</u>	<u>10</u>	<u>12</u>	<u>14</u>
<u>Rate of Contribution</u>	<u>.5%</u>	<u>.7%</u>	<u>1.0%</u>	<u>1.5%</u>	<u>2.0%</u>	<u>2.5%</u>

TEXT

PURPOSE

Section 301(d)

(d) An employer's rate of contribution for each calendar year shall, subject to adjustment as provided in clause (f) hereof, be that specified at the end of the column in which on the line opposite the State Experience there appears the percentage nearest to the Employer's Experience Provided: That, the rate of contribution of any employer whose employer's experience is in excess of the percentage appearing in column four six on the line opposite the state experience shall be two and seven-tenths per centum, and: Provided further, that if the employer experience of any employer computed to an infinite number of decimal places is exactly equally removed from two percentage figures which appear on the line opposite the state experience, the rate of contribution of such employer shall be the rate specified at the end of the column in which appears the higher of such two percentage figures.

Editorial change to conform with new schedule of contribution rates.

Section 301(e)

(e) No employer's rate of contribution for any calendar year shall be less than two and seven-tenths per centum, unless all his contributions due on wages paid to the end of the second calendar quarter of the preceding calendar year, together with interest and penalties due thereon, have been paid by the thirty-first day of December July of such preceding calendar year; Provided, That an employer who has timely filed an appeal as provided in subsection (h) of this section and who has been determined ineligible to receive a reduced rate solely on the basis that he has not paid all contributions, interest and penalties within the time limits as required in this subsection shall have his rate redetermined and shall not be considered ineligible under this subsection if payment of such delinquent contributions, interest and penalties is made within thirty days after the Bureau has notified the employer of the reason for his ineligibility for rate reduction in response to the appeal filed by the employer under subsection (h).

Advances the last day for payment of delinquent contributions in order for an employer to be eligible to receive a reduced rate from December 31, to July 31 preceding the rate year. This will enable the department to make rate determinations prior to the beginning of the year and dispose of most appeals and adjustments before first quarter reports are due. To offset the effect of this earlier date, it is provided that employers who have been denied a reduced rate and who appeal may have such appeal allowed and their rate adjusted if they have been determined ineligible solely because of delinquency and payment is made in full within thirty days after being notified as a result of their appeal of the reason for their initial ineligibility.

TEXT

PURPOSE

Section 301(f)

(f) Fund Stabilization Factor.--To assure an adequate balance in the fund to meet the benefit payments which may be expected, and to avoid the accumulation of excessive reserves, the employer's rate of contribution, determined in accordance with subsection (d) of this section, shall be further adjusted as follows. If at the beginning of the first day of any calendar year the balance in the unemployment trust fund to the credit of the Commonwealth of Pennsylvania is eight and three tenths per centum or more of the total wages of all employes paid during the first four of the last six completed calendar quarters, as reported to the department by the preceding September thirtieth, then the employer's rate of contribution for such calendar year shall be further adjusted downward in accordance with the following table: Provided, however, that if at the beginning of the first day of any calendar quarter, including the first day of any calendar year, the balance in the Unemployment Trust Fund to the credit of the Commonwealth of Pennsylvania is less than ~~eight~~ nine and one tenth (9.1) per centum of the total wages of all employes paid during the first four ~~of the last six~~ of the last five completed calendar quarters as reported to the department by the last day of the next to the last completed calendar quarter, then and in that event, the employer's rate of contribution for such calendar quarter commencing with the calendar quarter following the calendar quarter at the beginning of which the balance in the Unemployment Trust Fund was determined, shall be further adjusted upward in accordance with the following table set forth in this subsection. An employer's rate of contribution having been further adjusted upward, as provided herein, shall not be reduced during the remainder of the calendar year but may be again further adjusted upward, in accordance with the provisions of this subsection, at the beginning of a subsequent calendar quarter during the remainder of such calendar year.

The amendments to this section are related to the amendments to Section 301(c). Since the basic minimum rate is being reduced from 1.0 to .5 percent, the safety factor must become operative when the fund balance is less than 9.1 percent instead of less than 8.1 percent. Provision is also made for a lag of one calendar quarter before a decrease in the balance in the fund operates to increase contribution rates. This lag is necessary for administrative reasons, particularly if full advantage is to be obtained in connection with the two-quarter lag between the three-year base period and the beginning of the rate year provided by amendments enacted by the 1947 session of the General Assembly.

Employer's ADJUSTED rate of Contribution determined in accordance with paragraph (d)

Balance in Fund: (STATE RESERVE RATIO)	1%	1.5%	2.0%	2.5%	2.7%
	Employer's adjusted rate of contribution IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBSECTION:				
9.1% OR MORE	.5	.7	1.0	1.5	2.7
8.9 AND LESS THAN 9.1	.5	.7	1.2	1.7	2.7
8.7 AND LESS THAN 8.9	.5	.9	1.4	1.9	2.7
8.5 AND LESS THAN 8.7	.6	1.1	1.6	2.1	2.7
8.3 AND LESS THAN 8.5	.8	1.3	1.8	2.3	2.7
8.1 AND LESS THAN 8.3	1.0	1.5	2.0	2.5	2.7

TEXT

PURPOSE

Section 301 (g)

(g) Successor-in-interest (1) Pursuant to rules adopted by the department, an employer who prior to the first day of January, one thousand nine hundred and forty-six acquires an organization, trade or business, in whole or in part from another employer, shall immediately notify the department, and for the purpose of ascertaining the rate of contribution of the succeeding employer his "Employer's Experience" shall include that of the prior employer as related to the whole or part of the organization, trade or business acquired. Such a succeeding employer shall receive full credit for the years during which the former employer made contributions as to the organization, trade or business acquired.

(2) An employer who subsequent to the thirty-first day of December, one thousand nine hundred and forty-five transfers his or its organization, trade or business in whole or in part, to a successor-in-interest, may jointly make application with such successor-in-interest for transfer of the "Employer's Experience" of the preceding employer to the successor-in-interest, including credit for the years during which contributions were paid by the preceding employer. If an application for transfer of "Employer's Experience" is filed in accordance with the rules and regulations of the department and within the time limits prescribed therein, the department may allow such transfer of "Employer's Experience," pursuant to rules and regulations adopted by the department/ as of the end of the calendar year in which the transfer occurred, or, if not timely filed, as of the end of a subsequent calendar year, as determined by such rules and regulations, only if it finds that the "Employer's Experience" of the preceding employer with respect to the organization, trade or business, or part thereof, as the case may be, which has been transferred, may be considered indicative of the future "Employer's Experience" of the successor-in-interest. In the event of a part transfer of an employer's organization, trade or business transferred, shall be transferred, and credit shall be given to the successor-in-interest only for the years during which contributions were paid by the preceding employer with respect to that part of the organization, trade or business transferred. A transfer of "Employer's Experience", in whole or in part, having been applied for and approved by the department, the preceding employer thereafter, as the case may be, which has been thus transferred.

A preceding employer or a successor-in-interest who prior to the transfer was an employer during the calendar year in which the transfer occurred shall not have his rate of contribution adjusted under the provisions of this section for the remainder of such year. A successor-in-interest who prior to the transfer was not an employer during the calendar year in which the transfer occurred and who has made application for transfer of "Employer's Experience" which has been approved by the department as provided herein and who together with his predecessor has paid contributions for the period required under subsection (a) of section three hundred and one with respect to the organization, trade or business or part thereof which has been transferred, shall be assigned the same rate of contribution as the preceding employer for the remainder of such year, after which his rate of contribution shall be

(1) Eliminates provisions the effective date of which has expired.

(2) Places in the text of the act the following policies which are now in effect by regulation:

(a) Transfer of employer experience is not made until the end of the calendar year in which the transfer occurred.

(b) A successor who is an employer at the time of the transfer shall not have his rate affected for the remainder of the calendar year in which the transfer occurred.

(c) A successor who is not an employer at the time of the transfer shall automatically receive the rate of the predecessor for the remainder of the calendar year in which the transfer occurred.

(d) A successor may not receive a reduced rate unless all contributions owing by the predecessor have been paid.

only that portion of the "Employer's Experience" relating to the portion of the organization, trade or business

shall not be entitled to consideration for an adjusted rate based upon his experience, or part thereof,

TEXT

PURPOSE

Section 301(g) (Cont.)

determined on the basis of the "Employer's Experience" which has been transferred combined with any other "Employer's Experience" which such successor-in-interest may have within the three fiscal years ending the thirtieth day of June immediately preceding the year to which the rate is applicable: Provided, That no such successor-in-interest may be assigned an adjusted contribution rate unless all contributions, interest and penalties payable by the predecessor and all contributions, interest and penalties payable by such successor-in-interest with respect to any liability which he may have incurred under the provisions of this act have been paid as provided in subsection (c) of this section.

Section 301(h)

(h) (1) The department shall periodically furnish each employer with a statement showing the base year wages from such employer and the benefit year to which such wages relate for each of his compensated employes. All questions involving the eligibility of a claimant to receive compensation shall be resolved as provided under the provisions of section five hundred one and such eligibility may not be directly contested by an employer under the provisions of this section. The clerical accuracy of the statement provided under the provisions of this subsection may not be contested by the employer in connection with any future appeal by the employer from the rate of contribution assigned to him, unless within sixty days from the date of mailing of such statement the employer files with the department a protest in writing contesting the clerical accuracy of such statement and setting forth in detail the item or items to which exception is taken and the reason therefor. Such period of sixty days may be extended with the approval of the department upon written application by the employer filed prior to the expiration of such period. Provided that the Department at any time on its motion may correct any clerical error it has made or adjust such statement if it finds that any claimants listed thereon received benefits to which they were not entitled.

Provides that an employer may not raise a question in connection with a rate appeal as to the clerical accuracy of any benefit wage charges to his account unless he has protested such changes within 60 days after being notified thereof. Explicitly prohibits any question being raised by an employer involving the eligibility of a claimant to receive benefits under the provisions of this section, and requires that such appeals be taken in the manner provided under Section 501.

(2) The department shall promptly notify each employer of his rate of contributions for the calendar year, determined as provided in this section, and for each calendar quarter when modifications in rates are made in accordance with paragraph (f). The department shall furnish each employer with a statement showing the base year wages from such employer of each of his compensated employes; and the benefit year to which such wages relate. The determination of the department shall become conclusive and binding upon the employer, unless within thirty days after the mailing of notice thereof to the employer's last known post office address the employer files an application for review and redetermination, setting forth his reasons therefor; provided that subject to the provisions of subsection (n) of this section the Department at any time on its own motion may adjust an employer's contribution rate if it finds that such rate is incorrect as the result of (1) clerical error made by the department or (2) adjustments made under clause two (2) of paragraph one (1) of this subsection. The department may, if it deems the reasons set forth by the employer insufficient to change the rate of contribution, deny the application, otherwise it shall grant the employer a fair hearing. The employer shall be promptly notified of the denial of his application or of the department's redetermination, both of which shall become final and conclusive within thirty days after the mailing of notice thereof to the employer's last known post office address, unless the employer shall appeal by petition from the action of the department to the Court of Common Pleas of Dauphin County within such time.

→ own

TEXT

PURPOSE

Section 301(l)

(l) For purposes of determining whether or not an employer has paid contributions in each of the five calendar years immediately preceding the year for which a rate is applicable three fiscal years ending the thirtieth day of June immediately preceding the year for which the rate is applicable and the first, second or third calendar quarter of the fiscal year ending the thirtieth day of June immediately preceding such three fiscal years. as provided in subsection (b)/(a) of this section, in order to be eligible for consideration for an adjusted rate, an employer who shall have served in the active military or naval service of the United States at any time after the sixteenth day of September, one thousand nine hundred and forty, and prior to the termination of the present war, and who shall have been discharged or released from active service under conditions other than dishonorable, shall be deemed to have paid contributions under this act during any calendar/fiscal year ending on the thirtieth day of June any part of which is included in such period of military or naval service: Provided, That he has actually paid contributions under this act for one or more calendar quarters in either the calendar/fiscal year ending the thirtieth day of June in which he entered such military service or in the immediately preceding calendar/fiscal year ending the thirtieth day of June.

This section, which relates to the eligibility of veterans to receive reduced contribution rates, is amended to correspond with the reduced eligibility requirements in Section 301(a).

Section 301(m)

(m) If the department finds that it has erroneously notified an employer that his rate of contribution is less than the rate to which he is entitled, he shall be notified of the revision to his rate and he shall be required to make payment of additional contributions on the basis of the revised rate: Provided, That no such additional contributions shall be required unless the employer is notified of his revised rate within the calendar year to which the rate is applicable, unless the department finds that the employer has directly or indirectly contributed to the error. No interest shall be required to be paid in connection with such additional contributions if they are paid within thirty (30) days from the date that the employer is notified of his revised rate.

This is a new section which provides a statute of limitations in the event that the Department erroneously notifies an employer of a rate less than that to which he is entitled. Such erroneous rate may not be revised upward except during the calendar year to which the rate applies unless the employer has contributed to the error.

Section 304(c)

(c) Any petitioner dissatisfied with the action of the department on his petition for re-assessment may appeal therefrom to the Court of Common Pleas of Dauphin County within thirty days after being notified of the action of the department. Such appeal to the court shall be by petition verified by oath and shall specify all the objections to such assessment or re-assessment, and any objections not specified in the petition shall not be considered by the Court. A copy of such petition shall be served on the secretary or his deputy.

This amendment is needed in order that the Department may have prompt notice of any appeal to the courts by an employer from a reassessment decision.

TEXT

PURPOSE

Section 308.1

Section 308.1. Contributions to be Liens; Entry Thereof.--All contributions and the interest and penalties thereon due and payable by an employer under the provisions of this act shall be a lien upon the franchises and property, both real and personal, of the employer liable therefor, from the date a lien for such contributions, interest and penalties is entered of record in the manner hereinafter provided. Whenever the franchises or property of an employer is sold at a judicial sale, all contributions and the interest and penalties thereon thus entered of record shall first be allowed and paid out of the proceeds of such sale in the same manner and to the same extent that State taxes are paid: Provided, however, That the lien hereby created shall not be prior to pre-existing duly recorded real estate mortgages. The department may at any time transmit to the prothonotaries of the respective counties of the Commonwealth, to be by them entered of record, certified copies of all liens for unpaid contributions, interest and penalties which may now exist or hereafter arise, upon which record it shall be lawful for writs of scire facias to issue and be prosecuted to judgment and execution in the same manner as such writs are ordinarily employed. No prothonotary shall require as a condition precedent to the entry of such liens, the payment of the costs incident thereto.

In some cases it is urgent that liens be filed without delay. This amendment provides that in such cases prothonotaries shall record the liens and bill the department.

Section 402(d)

(d) In which his unemployment is due to a stoppage of work which exists because of a labor dispute (other than a lock-out) at the factory, establishment, or other premises at which he is or was last employed: Provided, That this subsection shall not apply if it is shown that (1) he is not participating in or directly interested in the labor dispute which caused the stoppage of work; and (2) he is not a member of an organization which is participating in, or directly interested in, the labor dispute which caused the stoppage of work; and (3) he does not belong to a grade or class of workers of which immediately before the commencement of the stoppage there were members employed at the premises at which the stoppage occurs, any of whom are participating in or directly interested in the dispute.

Counsel advises that the term "labor dispute" includes a lock-out. However, under interpretations which have been given to the act as a whole, workers unemployed as a result of a lock-out have **not** been disqualified under Section 402(d). This amendment therefore does not affect the benefit rights of any workers, but is suggested merely for clarification and better statutory construction.

Section 402(g)

Add at the end of Section 402 the following: (g) Any part of which is included in the one-year period immediately following the date on which he is finally convicted of the illegal receipt of benefits under this act in any penal proceedings instituted against him under the provisions of this act or any other statute of the Commonwealth.

This is a new section designed to disqualify individuals for a period of one year who have been finally convicted of the illegal receipt of benefits.

TEXT

PURPOSE

Section 408

Add a new section after Section 407 to read as follows: Section 408. Limitation on the Validity of Claims.--Final payment of compensation claimed under the provisions of this act shall not be made more than two years from the last day of the week for which compensation is claimed if such final payment has not been made within such two-year period because the claimant (1) is reported by the postal authorities as "unknown" at the last address which the employe has given to the department, (2) has failed to properly notify the department that he has not received the compensation claimed, (3) has failed to have presented to the State Treasurer for final payment a check received in payment of the compensation claimed, or (4) has failed to properly request the re-issuance of a check which has become lost or destroyed or the validity date of which has expired: Provided, That one year has elapsed from the date the check was issued, or if no check has been issued, from the last date that the claimant requested payment. The provisions of this section shall also apply to the endorser of any check issued in payment of compensation under the provisions of this act.

This amendment will permit the department and the State Treasurer to close claimant accounts after two years where claimants have failed to "cash" checks or cannot be located.

Section 501(e)

(e) Unless the claimant or last employer or base-year employer of the claimant files an appeal with the board, from the determination contained in any notice required to be furnished by the department under section five hundred and one (a), (c) and (d), within ten (10) calendar days after such notice was delivered to him personally, or was mailed to his last known post office address, and applies for a hearing, such determination of the department, with respect to the particular facts set forth in such notice, shall be final and compensation shall be paid or denied in accordance therewith. In the event that an appeal is filed with the board, the payment of any contested amount of compensation shall be withheld pending determination of the claim, but any uncontested amount of compensation allowed in any decision shall be paid notwithstanding any appeal which may thereafter be taken: Provided, That when ~~a referee or~~ the board affirms a decision of a referee or of the department allowing compensation, such compensation shall be paid notwithstanding any further appeal, and provided further, That when a referee affirms a decision of the department allowing compensation, in the event of a further appeal to the board, such compensation shall be paid after a period of thirty days from the date of such further appeal if the board has not rendered a decision prior thereto. However, in the event that such decision of the board is reversed upon further appeal, payments thus made shall be subject to recovery and recoupment as provided in section eight hundred and four.

(1) Under the present provisions of this section, if a referee affirms a decision of the Department allowing benefits, compensation must be paid regardless of further appeal. While this expedites the payment of benefits, it works a hardship on claimants who are paid and then found to be ineligible by the Board of Review, as such payments are then subject to recoupment. The amendment provides for the withholding of payment in the event of further appeal until a decision has been rendered by the Board.

(2) The reference to recoupment in the event of a reversal of the Board by the Court is in line with present practice.

TEXT

PURPOSE

Section 601 (first paragraph)

Section 601. Unemployment Compensation Fund.--There is hereby created a special fund separate and apart from all public moneys or funds of this Commonwealth to be known as the Unemployment Compensation Fund. All contributions, together with penalties and interest thereon, received or collected by the department from employers under the provisions of this act, except such penalties and interest which are paid into the Special Administration Fund as provided in section six hundred one point one, shall be paid into the Unemployment Compensation Fund, and shall be credited by the department to a ledger account to be known as the Employer's Contribution Account. All moneys from time to time received and credited to the Employers' Contribution Account (exclusive of refunds made under section three hundred eleven and transfer of interest and penalties to the Special Administration Fund) shall be paid promptly by the department into the Unemployment Trust Fund, except as otherwise provided in section six hundred five of this act.

As often as may be necessary, the department shall requisition from the Unemployment Trust Fund such amounts as shall be necessary to provide adequate funds for the payment of compensation, as provided in this act. Upon receipt of such requisitioned funds, the department shall deposit them into the Unemployment Compensation Fund to the credit of a ledger account, to be known as the Compensation Account, and shall expend such moneys solely for the payment of compensation, as provided by this act. All moneys to the credit of the Compensation Account shall be mingled and undivided. The department shall pay all compensation authorized by this act out of moneys standing to the credit of the Compensation Account.

Section 804 (first paragraph)

Section 804. Recovery and Recoupment of Compensation.--Any person who by reason of his fault has received any sum as compensation under this act to which he was not entitled shall be liable to repay to the Unemployment Compensation Fund to the credit of the [Employers' Contribution] Compensation Account a sum equal to the amount so received by him. Such sum shall be collectible (a) in the manner provided in this act for the collection of past due contributions, or (b) by deduction from any future compensation payable to the claimant under this act.

This gives statutory recognition to the department's present practice of depositing interest and penalties together with contributions into the Employer's Contribution Account, and then periodically transferring such interest and penalties into the Special Administration Fund. This merely facilitates bookkeeping and makes no change in the ultimate disposition of funds.

This amendment merely corrects a technical error in the present text of this provision.