

No. 336

AN ACT

HB 2595

Amending the act of December 5, 1936 (1937 P.L.2897), entitled "An act establishing a system of unemployment compensation to be administered by the Department of Labor and Industry and its existing and newly created agencies with personnel (with certain exceptions) selected on a civil service basis; requiring employers to keep records and make reports, and certain employers to pay contributions based on payrolls to provide moneys for the payment of compensation to certain unemployed persons; providing procedure and administrative details for the determination, payment and collection of such contributions and the payment of such compensation; providing for cooperation with the Federal Government and its agencies; creating certain special funds in the custody of the State Treasurer; and prescribing penalties," providing for the use of money credited to the Commonwealth under section 903 of the Federal Social Security Act, as amended.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Subsection (e) of section 301.1, act of December 5, 1936 (1937 P.L.2897), known as the "Unemployment Compensation Law," amended September 27, 1971 (P.L.460), is amended to read:

Section 301.1. Determination of Contribution Rate; Experience Rating.—

* * *

(e) The State Adjustment Factor for the calendar year beginning January one, one thousand nine hundred sixty, shall be six-tenths of one per centum and for the year beginning January one, one thousand nine hundred sixty-one, and for each calendar year thereafter, shall be computed as of the computation date for such year to a tenth of a per centum, rounding all fractional parts of a tenth of a per centum to the next higher tenth of a per centum, but in no event less than zero nor in excess of one per centum, according to the following formula:

$$\frac{\text{Bdr} - \text{Dcr}}{\text{Wt}} \times 100 = \text{State Adjustment Factor}$$

in which factor "Bdr" equals the aggregate of (A) all benefits paid but not charged to employers' accounts, plus, (B) all benefits paid and charged to inactive and terminated employers' accounts, plus, (C) all benefits paid and charged to accounts of active employers who were assigned the maximum Experience Factor for the preceding calendar year to the extent such benefits exceed the amount of contributions payable by such employers on the basis of such factor. Factor "Dcr" equals the aggregate of (A) interest credited to the Unemployment Compensation Fund, plus, (B) amounts transferred from the Special Administration Fund to the Unemployment Compensation Fund, plus, (C) refunds of benefits unlawfully paid, plus, (D) amounts credited to the Unemployment

Compensation Fund by the Federal Government other than by loan, [**and factor "Wt" equals the wages paid by all employers.**] *except that any amount credited to this Commonwealth's account under section 903 of the Federal Social Security Act which has been appropriated for expenses of administration shall be excluded from the amount in the Unemployment Compensation Fund in the computation of the "Dcr" factor. Factor "Wt" equals the wages paid by all employers.* Each item in each factor shall be computed with respect to the twelve-month period ending on the computation date: Provided, That should the computed State Adjustment Factor for calendar year one thousand nine hundred sixty-two, and any year thereafter exceed one per centum, such excess over one per centum shall be added to the computed State Adjustment Factor for the following year or years.

* * *

Section 2. Subsections (a) and (b) of section 601 of the act, amended May 17, 1957 (P.L.153), are amended to read:

Section 601. Unemployment Compensation Fund.—(a) 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 to be 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 Employers' Contribution Account. Interest and penalties which are to be credited to the Special Administration Fund may be temporarily held in the Employers' Contribution Account solely for clearance purposes prior to transfer to the Special Administration Fund and while so held in the Employers' Contribution Account shall not be deemed a part of the Unemployment Compensation Fund. All moneys from time to time received and credited to the Employers' Contribution Account (exclusive of refunds made under section three hundred eleven and interest and penalties transferred as herein provided 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. *All moneys credited to this Commonwealth's account in the Unemployment Trust Fund pursuant to section 903 of the Federal Social Security Act shall be included in the Unemployment Compensation Fund.*

(b) 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, *except that moneys credited to this Commonwealth's account pursuant to section 903 of the Federal Social Security Act as amended*

shall be used exclusively as provided in section six hundred two point three. 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 3. Section 602 of the act, amended August 5, 1941 (P.L.845), is amended to read:

Section 602. Administration Fund.—There is hereby created a special fund to be known as the Administration Fund, which shall consist of all moneys or other property received by the department from the United States of America, or any agency thereof, including the Social Security Board, or from any other source whatsoever, to be used for the administration of this act. The department shall pay all costs required for the administration and operation of this act out of the Administration Fund.

In addition, any law to the contrary notwithstanding, this fund shall be subject from time to time to charges by the Treasury Department for the costs incurred by said department in making disbursements arising from payments out of the Unemployment Compensation Fund and the fund created in this section, and the moneys in the Administration Fund are hereby appropriated for the payment of such charges.

Notwithstanding any provision of this section, all moneys requisitioned and deposited in this fund pursuant to section six hundred two point three shall remain part of the Unemployment Compensation Fund and shall be used only in accordance with the conditions specified in section six hundred two point three.

Section 4. The act is amended by adding a section to read:

Section 602.3. Money Credited under Section 903 of the Federal Social Security Act.—(a) Money credited to the account of this Commonwealth in the Unemployment Trust Fund by the Secretary of the Treasury of the United States of America pursuant to section 903 of the Federal Social Security Act may not be requisitioned from this Commonwealth's account or used except for the payment of benefits and for the payment of expenses incurred for the administration of this act and this State's system of public employment offices. Such money may be requisitioned pursuant to subsection (b) of section 601 for the payment of benefits. Such money may also be requisitioned and used for the payment of expenses incurred for the administration of this act and this State's system of public employment offices but only pursuant to a specific appropriation by the Legislature and only if the expenses are

incurred and the money is requisitioned after the enactment of an appropriation law which:

(1) Specifies the purposes for which such money is appropriated and the amounts appropriated therefor;

(2) Limits the period within which such money may be obligated to a period ending not more than two years after the date of the enactment of the appropriation law; and

(3) Limits the amount which may be obligated during any twelve-month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of this Commonwealth pursuant to section 903 of the Federal Social Security Act during the same twelve-month period and the twenty-four preceding twelve-month periods, exceeds (ii) the aggregate of the amounts obligated for administration and paid out for benefits and charged against the amounts credited to the account of this Commonwealth during such twenty-five twelve-month periods.

(b) Amounts credited to this Commonwealth's account in the Unemployment Trust Fund under section 903 of the Federal Social Security Act which are obligated for administration or paid out for benefits shall be charged against equivalent amounts which were first credited and which are not already so charged; except that no amount obligated for administration during a twelve-month period specified herein may be charged against any amount credited during such a twelve-month period earlier than the twenty-fourth preceding such period.

(c) Money appropriated as provided herein for the payment of expenses of administration shall be requisitioned as needed for the payment of obligations incurred under such appropriation and, upon requisition, shall be deposited in the Employment Security Administration Fund from which such payments shall be made. Money so deposited shall, until expended, remain a part of the unemployment fund and, if it will not be expended, shall be returned promptly to the account of this Commonwealth in the Unemployment Trust Fund.

Section 5. This act shall take effect immediately.

APPROVED—The 6th day of December, A. D. 1972.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly
No. 336.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive style with a large initial "C" and a prominent "T" at the end.

Secretary of the Commonwealth.