



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2346

PRINTERS NO. 3485

PRIME SPONSOR: Harris

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	(\$1,055,480.40)
Political Subdivision Funds	\$0	See Fiscal Impact
Unemployment Compensation Trust Fund	\$0	See Fiscal Impact

SUMMARY: Amends the Unemployment Compensation Law (Act 1 of 1936, 2nd Sp. Sess.) to make individuals ineligible to collect unemployment benefits if they leave employment to preserve pension/ annuity benefits. This legislation would take effect in 60 days.

ANALYSIS: This legislation would amend Section 402 ("Ineligibility for Compensation") of the Unemployment Compensation Law which would make individuals ineligible for benefits if:

- They voluntarily leave employment in order to maintain eligibility for benefits under a retirement plan, annuity or other similar periodic payment after returning to work after retirement; or
- An employer terminates their employment in order to allow them to maintain eligibility for pension benefits under a retirement plan, annuity or other similar periodic payment plan after returning to work after retirement;.

This change would apply to initial claims filed on or after the effective date of the legislation.

FISCAL IMPACT: According to the Department of Labor & Industry, this legislation would save the Commonwealth, as an employer, \$1,055,480.40 in Fiscal Year 2012-13 and the fiscal years thereafter. This number is calculated by averaging the benefits collected by claimants in 2010 (220 annuitants and \$1,139,707.06 in benefits) and 2011 (239 annuitants and \$971,253.90 in benefits).

The Department also indicates that this legislation would also save political subdivision funds in the event that annuitants fall into similar situations. The legislation would also provide some savings to the Unemployment Compensation Trust Fund in the event that annuitants fall into similar situations in the private sector. According to the Department, it is impossible to identify the savings to political subdivisions as well as the Unemployment Compensation Trust Fund.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: May 22, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.