

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 68

PRINTER NO. 3499

AMOUNT

See Fiscal Impact

No Fiscal Impact

FUND

Unemployment Compensation Benefit Fund

Unemployment Compensation Contribution Fund

DATE INTRODUCED

January 28, 2019

PRIME SPONSOR

Representative Ryan

DESCRIPTION

House Bill 68 amends the Unemployment Compensation Law to extend the time period for an employer to request relief from charges.

This legislation extends the window for employers to request full relief from benefit charges from 15 days to 21 days.

The extended timelines made by this legislation will take effect upon publication in the Pennsylvania Bulletin of the Department of Labor and Industry's (department) notice that the modifications have been made to the unemployment compensation delivery system.

The bill adds a new section requiring employers to provide notification of the availability and information about unemployment compensation at the time of separation.

House Bill 68 also includes the creation of a temporary article related to emergency provisions for COVID-19. These provisions include the authority for the secretary to waive provisions permitted by federal law to ease eligibility requirements and access to compensation for claimants whose unemployment is related to the COVID-19 outbreak. It also allows the department to waive the one-week waiting period for all claimants as well as the job search and registration requirements.

The emergency provisions also provide for automatic relief of charges to any employer whose account would otherwise be charged for weeks of unemployment during the disaster emergency. It also provides flexibility for reimbursable employers that have not elected to pay the solvency fee to repay benefit charges, including extension of the repayment of benefits from 30 to 120 days from the date of statement of repayment obligation. In addition, it authorizes the department to provide an additional 60 days for repayment and to allow interest-free repayment plans to employers that demonstrate financial hardship.

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The secretary is provided the authority to adopt temporary regulations in order to ensure compliance with federal law. The secretary is required to utilize available federal funds before spending any other funds made available to address the COVID-19 response. House Bill 68 restricts spending for administrative purposes beyond what is necessary to administer unemployment compensation in response to COVID-19. The secretary is required to provide a monthly report to the General Assembly, including number of unemployment compensation applications processed, approved and denied and a total amount expended.

FISCAL IMPACT:

House Bill 68 will have no fiscal impact on the Unemployment Compensation Contribution Fund.

For the Unemployment Compensation Benefit Fund, this legislation provides relief from charges stemming from the disaster emergency for employers who contribute to the unemployment compensation system. Currently, an employer's contribution to the fund is determined by an experience factor that is determined by the ratio of benefits paid to total payroll. The relief from charges provision provides that an employer's experience factor will not change, and therefore an employer's contribution to the fund is not increased due to unemployment caused by the disaster emergency. The fiscal impact of this provision will be the difference in current contributions and contributions from what the experience factor would have been had the relief not been provided.

The provision waiving the one-week waiting period will also have an impact on the fund for those employees who receive benefits from the disaster emergency but return to work before exhausting the 26-week benefit period, resulting in the employee receiving an extra week of benefits compared to current law. The maximum weekly benefit for an employee is \$573.

The provision waiving the job search and registration provision may have a negative fiscal impact on the benefit fund since a percentage of employees who currently apply for benefits are deemed ineligible because of non-compliance with this requirement.

The provision extending the repayment period for reimbursable employers will have no fiscal impact on the fund over the long term because the total benefits distributed will eventually be reimbursed to the fund by employers.