

THOMAS P. MURT, MEMBER
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Human Services Chairman,
Subcommittee on Mental Health
Intellectual Disabilities Caucus Chairman
Labor and Industry
Veterans Affairs and Emergency Preparedness

COUNCIL:
Delaware Valley Veterans Home

January 31, 2012

MEMORANDUM

Subject: Proposed Legislation
Unemployment Compensation Monetary Settlements

To: All House Members

From: Representative Thomas Murt

Please find attached a copy of legislation I plan to introduce in the near future to amend the Unemployment Compensation Law to address how monetary settlements, which are the result of an early termination of an employment contract, are treated under the law. My legislation would require that such payments be offset against any unemployment benefits that a claimant might be eligible for.

As many of you are aware, there was recently a high profile story involving a Philadelphia School District superintendant who received a large settlement (hundreds of thousands of dollars) from an early termination of an employment contract; this individual then proceeded to apply for unemployment compensation benefits. Under current law, this settlement money is not offset against unemployment compensation benefits.

It is important to note that effective January 1, 2012, there was an offset in the law for receipt of severance pay. The problem is that this type of "settlement" may or may not be considered to be "severance pay" by the department as it will be unsettled law that will have to be interpreted. My legislation seeks to make it clear that such settlement monies are considered to be severance pay and my legislation proposes a 100% offset of such monies.

I do not believe it is good public policy to permit individuals who agree to "settle" an employment contract to then collect unemployment compensation with no ramifications. Quite frankly, the Unemployment Compensation Trust Fund is insolvent, and we cannot afford to permit this type of payment activity. Please e-mail my secretary, Amy Bossart at ABossart@pahousegop.com if you wish to cosponsor this legislation.

TM/ab