

Actuarial Evaluation 2011

Financial Operations of the
Pennsylvania Unemployment Compensation Program



TABLE OF CONTENTS

Introduction.....	2
Highlights.....	3
Pennsylvania UC Law Changes.....	5
2011 in Review	7
December 2010 Forecast Compared to Actual Data - 2011 Cash Flow Table.....	10
Outlook for 2012-2014.....	12
PA Total Unemployment Rate Graph	13
PA Nonagricultural Employment Graph.....	13
U.S. Total Unemployment Rate Graph.....	14
U.S. Gross Domestic Product Graph.....	14
PA Insured Unemployment Rate Graph	15
UC Benefit Costs Graph	16
UC Employer and Employee Contributions Graph.....	18
UC Taxable Wages Graph	18
UC Benefit Costs Versus Employer and Employee Contributions Graph	19
UC Trust Fund Solvency Percentage Graph	20
UC Trust Fund Solvency Trigger Mechanism 2011-2014 Table.....	21
UC Trust Fund Balance Months of Benefits in Reserve by Quarter Graph	23
UC Trust Fund 2011-2014 Cash Flow July 2012 Global Insight Forecast Table	24
UC Trust Fund Solvency Trigger Mechanism Tables and Details	25
Status of UC Programs and Initiatives	28
Statistical Appendix	37

INTRODUCTION

The 2011 Actuarial Evaluation of the Financial Operations of the Pennsylvania Unemployment Compensation Program is issued pursuant to Section 204.1 of the Pennsylvania Unemployment Compensation Law as amended July 1985. The projections contained in this report are based on the July 2012 Global Insight Baseline Forecast of economic activity.

The report provides analyses of Pennsylvania's Unemployment Compensation Trust Fund activity for 2011 and a forecast for 2012 through 2014. The forecast incorporates the unemployment compensation solvency mechanism provided for by the 1988 Unemployment Compensation Law Amendments and an impact analysis of the mechanism on the Unemployment Compensation Trust Fund cash flow. Highlights of the analyses and an overview of the economic forecasts and methodologies used to estimate unemployment compensation activity are provided in the report.

Tables contained within this report provide detailed information and data on the July 2012 Global Insight Baseline Forecast used to project Unemployment Compensation Trust Fund activity. The Statistical Appendix contains tables pertinent to Pennsylvania's unemployment compensation program. Definitions of terms used on the tables in the Statistical Appendix appear on the page preceding each table.

HIGHLIGHTS

Although the economic recovery continued through 2011, Pennsylvania's unemployment rate remained high and employment numbers were significantly lower than the pre-recession levels of December 2007. The statewide seasonally adjusted unemployment rate decreased from 8.0 percent in January 2011 to 7.7 percent in December 2011. The state's average unemployment rate for 2011 was 7.9 percent, compared to 4.3 percent in 2007. Resident employment increased from 5.8 million in 2010 to 5.9 million in 2011, but remained below the average employment of 6.1 million for 2007.

The Unemployment Compensation Trust Fund remained insolvent in 2011 as benefit payments continued to exceed revenues despite higher tax rates for employers. In order to pay benefits, \$1.4 billion in federal loans, also known as Title XII Federal Advances, were transferred to Pennsylvania's Unemployment Compensation Trust Fund account. Unemployment compensation legislation was enacted under Act 6 of 2011 and Act 60 of 2012 to address the structural imbalance between benefit payments and revenues. As a result of this legislation and forecasted improvement in economic conditions, the Trust Fund is projected to move toward solvency starting in 2012.

In 2011 and 2012, in addition to the regular unemployment compensation program, qualified claimants could collect benefits through the federally-funded Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) programs. These programs have provided additional benefits to claimants in response to the high unemployment rates during and following the recession that began in December 2007.

Here are unemployment compensation program highlights from 2011 and projections for 2012-2014:

Pennsylvania Unemployment Compensation Law Changes

- Act 6 of 2011 and Act 60 of 2012 reformed Unemployment Compensation Law to refinance the outstanding Unemployment Compensation Trust Fund debt and better align revenues and benefit costs.
- The legislation included provisions on the use of bonds to repay federal loans, benefit eligibility and tax structure changes, establishment of an amnesty period to facilitate the recovery of improper payments and tax liabilities, and establishment of a new reemployment fund.
- Overall, this legislation is expected to produce an estimated average annual savings of \$385 million per year for the Unemployment Compensation Trust Fund and a total of over \$150 million in interest cost savings from 2012 through 2019 for employers.

Benefit Costs

- Annual unemployment compensation benefit costs decreased for the second consecutive year, from \$3.6 billion in 2010 to \$3 billion in 2011. Benefit costs are projected to continue to fall to \$2.9 billion in 2012, \$2.5 billion in 2013, and \$2.4 billion in 2014.
- Due to changes to Pennsylvania's Unemployment Compensation Law, the maximum weekly benefit rate will remain at \$573 through 2019. Act 6 of 2011 froze the maximum weekly benefit for 2012, and Act 60 of 2012 extends this freeze through 2019.
- A 2.3 percent benefit reduction decreased benefit costs by \$72 million in 2011. The benefit reduction will remain at 2.3 percent in 2012. In 2013 and 2014, the benefit reduction will decrease to 1.7 percent due to recalculation of the solvency measures. The forecast amount of the reduction is \$68 million in 2012, \$43 million in 2013 and \$42 million in 2014.

Employer and Employee Contributions

- The estimated average unemployment compensation tax rate for employers is projected to decrease from 6.5 percent in 2011 to 6.4 percent in 2012. It is forecast to increase to 6.5 percent in 2013 and then decrease to 6.3 percent in 2014.
- Employers paid a 5.8 percent surcharge and a 0.65 percent additional tax in 2011. This will remain in effect for 2012. For 2013 and 2014, the surcharge will decrease to 5.1 percent, but the additional tax will remain at 0.65 percent. These solvency measures generated \$352 million in 2011, and are forecast to generate \$357 million for 2012, \$354 million for 2013, and \$362 million for 2014.
- An employee solvency tax of 0.08 percent was in effect for 2011 and will continue in 2012. The employee tax will decrease to 0.07 percent in 2013 and 2014. Contributions due from employees were \$203 million in 2011 and are forecast to be \$209 million in 2012, \$189 million in 2013 and \$196 million in 2014.
- Total unemployment compensation employer and employee contributions deposited into the Trust Fund are projected to rise from \$2.8 billion in 2011 to \$2.9 billion in 2012, and then decrease to \$2.7 billion in 2013 and \$2.6 billion in 2014.

Federal Loans, FUTA Tax Credit Reduction, Interim Financing, and Bonds

- The Unemployment Compensation Trust Fund received \$1.4 billion in federal loans in 2011. At the end of 2011, the net loan balance stood at \$3.23 billion.
- Beginning in January 2011, interest began to accrue on the federal loan balance. The interest rate was 4.09 and 2.94 percent for 2011 and 2012, respectively.
- Employers were assessed an Interest Tax Factor of 0.44 percent in 2011 and 0.20 percent in 2012 to pay the \$104.6 million and \$82.1 million in interest that was due to the federal government in September 2011 and September 2012, respectively.
- As a result of having an outstanding federal loan balance for two consecutive years, the Federal Unemployment Tax Act (FUTA) credit available to Pennsylvania employers was reduced by 0.3 percent for 2011 (meaning that the effective federal unemployment compensation tax rate for the state's employers increased by 0.3 percent). Revenue from the FUTA tax increase was used to repay a portion of the outstanding federal loan balance.
- Act 60 of 2012 included provisions for refinancing Pennsylvania's federal loans through the sale of bonds to obtain the lowest possible rate of interest and to fully restore the FUTA tax credit for employers starting in 2012.
- On July 25, 2012, Pennsylvania's \$2.8 billion federal loan balance was repaid in full from \$3.2 billion in interim financing obtained through Citibank, N.A. The interim financing also included \$382 million in UC benefits funding for the remainder of calendar year 2012. As a result of repaying the federal loan balance, the full FUTA credit was restored for employers starting in 2012.
- On October 18, 2012, Pennsylvania closed on the sale of UC bonds generating a total of \$3.27 billion in funds to repay the interim financing and establish a \$75 million bond reserve fund.
- This refinancing of the federal loan debt through the interim Citibank loan and subsequent bond sale is estimated to save employers over \$150 million in interest costs from 2012 through 2019.
- The Unemployment Compensation Trust Fund balance at the end of 2012 is projected to be \$234 million.

Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) Programs

- A total of 447,000 Pennsylvania unemployment compensation claimants collected \$3.4 billion in EUC and EB in 2011.
- At the start of 2011, 53 weeks from four tiers of Emergency Unemployment Compensation (EUC) and 20 weeks from regular and High Unemployment Period (HUP) EB were available.
- As a result of a decline in Pennsylvania's unemployment rate, Tier 4 EUC ended in April 2011, reducing total EUC availability from 53 to 47 weeks.
- In Pennsylvania, HUP EB benefits initially ended in June 2011, reducing the number of EB weeks from 20 to 13, then subsequently returned in November 2011, restoring the full 20 weeks of available EB.
- In February 2012, the President signed federal legislation which extended EUC benefits and 100 percent federal funding for EB through December 2012.

PENNSYLVANIA UNEMPLOYMENT COMPENSATION LAW CHANGES

During the recent recession the unemployment compensation program paid benefits to unemployed workers that far exceeded the program's resources and required borrowing from the federal government. This produced the historic imbalance between the UC Trust Fund's revenues and its benefit obligations. In 2011 and 2012 the General Assembly enacted legislation to allow for the refinancing of the Fund's debt, better align the Fund's benefit payments with its resources, adjust the revenue structure to allow a greater accumulation of reserves in the Fund, and improve the Fund's ability to perform in future economic downturns. The 2011 legislation is Act of June 17, 2011, P.L. 16, No. 6 ("Act 6"), and the 2012 legislation is Act of June 12, 2012, P.L. 577, No. 60 ("Act 60"). Overall, this legislation is expected to produce an estimated average annual savings of \$385 million per year for the Unemployment Compensation Trust Fund and a total of over \$150 million in interest cost savings from 2012 through 2019 for employers.

The following key changes to Unemployment Compensation Law were enacted through Act 6 of 2011 and Act 60 of 2012:

Unemployment Compensation Bonds

- Provided for the issuance of bonds through the Pennsylvania Economic Development Financing Authority (PEDFA) on behalf of the Department of Labor & Industry. The sale of unemployment compensation bonds closed on Oct. 18, 2012.
- Re-purposed the Interest Tax Factor, originally created for the payment of interest on federal loans, for the payment of debt service on the bonds as well as for interest on federal loans.
- Raised the maximum Interest Tax Factor rate from 1.0 percent to 1.1 percent until the bonds are paid off, at which time the maximum rate returns to 1.0 percent.
- The \$3.269 billion in proceeds from the bond sale were used to repay \$3.185 billion in interim financing obtained on July 25, 2012 from Citibank, N.A. (which was used to repay the outstanding \$2.8 billion federal loan balance and provide \$382 million to cover unemployment compensation benefit costs through the end of 2012) and provide \$75 million for the bond reserve fund.
- The refinancing of the federal loan debt through the interim Citibank loan and subsequent bond sale reversed the FUTA credit loss otherwise in place for 2012.
- The bonds were issued at an overall interest rate of 1.29 percent, well below the 2012 interest rate of 2.94 percent on federal loans for unemployment compensation.

Benefit Eligibility

- Eliminated weekly benefit rates from \$35 to \$69
- Eliminated fixed benefit duration of 16 or 26 weeks and introduced variable duration: one week of benefits for each “credit week” in the base year, up to 26 weeks of benefits. Claimants must have at least 18 credit weeks to qualify for benefits.
- Adjusted the formula to determine the maximum weekly benefit rate in order to slow the growth of the maximum rate; capped the maximum rate at the 2011 level through 2019; return to normal growth phased in from 2020 through 2023.
- Decreased the amount of base year wages that may be earned in one calendar quarter from approximately 63 percent to 50.5 percent.
- Severance pay exceeding a specified amount is deducted from the claimant’s benefits.
- Raised credit week earnings requirement from \$50 to \$100 in 2013 and to \$116 in 2015.
- Limited the step down provision to two steps instead of three. If a claimant’s base year wages are insufficient to qualify for the weekly benefit rate as determined by his/her high quarter wage or full-time weekly wage, the benefit rate may be determined at the highest of the next two lower rates for which he/she qualifies.
- Lowered partial benefit credit (PBC) from 40 percent to 30 percent. Claimants that work part-time while collecting benefits may earn up to their PBC without a reduction in the amount of UC payable for the week. For every dollar earned above the PBC, the UC benefit payment for the week is reduced by a dollar.
- Required a claimant’s earnings to be in UC-covered employment in order to purge a non-monetary determination or qualify for a new UC benefit year.
- Required claimants to register for employment-search services offered by the PA CareerLink® system and conduct an active search for work.

Tax Structure

- Increased the taxable wage base in steps from \$8,000 in 2012 to \$10,000 in 2018 and thereafter.
- Decreased the maximum State Adjustment Factor (SAF) from 1.5 percent in 2012 to 1.0 percent in 2013 through 2016, 0.85 percent in 2017, and 0.75 percent in 2018 and thereafter.
- These changes resulted in a revenue neutral re-alignment of the tax structure.

Solvency Trigger Mechanism

- Restructured the solvency trigger mechanism such that the solvency measures and target dollar amounts previously applicable when the trigger percentage was less than 50 percent now apply from 0 percent through 249 percent.
- Raised the total targeted dollar amount for the solvency trigger mechanism from \$544 million to \$750 million, effective after all bonds and federal loans are fully repaid.

Recovery of Improper Payments and Tax Liabilities

- Extended from six to 10 years the statute of limitations on the recovery of UC benefit overpayments where the claimants is at fault.
- Provided for the establishment of an amnesty period, during which an employer or claimant can pay an outstanding UC debt and receive a reduction in the amount of assessed interest, penalty, or overpayment amount.

Reemployment Fund

- Established a new fund to provide or enhance reemployment services.
- Allocated 5 percent of contributions from the Employee Tax from 2013 through 2017 to the Reemployment Fund.

2011 IN REVIEW

Economic Performance

In 2011, Pennsylvania's economy showed modest signs of recovery. Average annual nonagricultural jobs in the state increased to 5.7 million, a year over year gain of 64,000 jobs. Most industry sectors saw moderate job gains in 2011. Goods-producing jobs rose by 21,100, while service-providing jobs increased by 61,000 in 2011. This was the first year of growth in goods-producing jobs after a ten-year stretch of decline.

Total Unemployment Rate (TUR)

In 2011, Pennsylvania's average total unemployment rate (TUR) fell to 7.9 percent, compared to 8.5 percent in 2010. TUR is the ratio of the number of unemployed persons to the number of persons in the civilian labor force. It is the general unemployment rate that is released monthly by states and the nation. The U.S. Department of Labor's Current Population Survey (CPS) provides monthly and annual estimates of the labor force for the nation and states. The decline in the TUR resulted from a decrease in the number of unemployed persons from 541,000 in 2010 to 507,000 in 2011. The civilian labor force remained steady, decreasing by 4,000, from 6,390,000 in 2010 to 6,386,000 in 2011.

Insured Unemployment Rate (IUR)

The 2011 annual average IUR fell to 4.2 percent compared to 5.0 percent in 2010. The IUR is an unemployment measure that reflects the percent ratio of regular UC claims to covered employment. Covered employment remained steady but inched upwards, rounding to the same number, from 5.4 million in 2010 to an estimated 5.4 million in 2011, a year over year growth of 40,000. Weeks claimed for 2011 were 11.9 million (an average of 228,000 per week), compared to 13.8 million (an average of 265,000 per week) for 2010, a decrease of 1.9 million weeks.

Benefit Costs

Net regular unemployment compensation benefits paid decreased by 17 percent to \$3.0 billion in 2011 from \$3.6 billion in 2010. A benefit reduction of 2.3 percent was in place for both 2010 and 2011. The number of weeks paid in regular unemployment compensation decreased by 1.8 million, lowering weeks paid to 9.9 million for 2011. There was a decrease in the average regular unemployment compensation weekly benefit amount from \$338 in 2010 to \$335 in 2011.

The number of individuals receiving regular unemployment compensation benefits in 2011 was 679,000. This was 93,000 fewer than the 772,000 who received benefits in 2010. First payments decreased from 599,000 in 2010 to 530,000 in 2011. Claimants who received unemployment compensation first payments in 2011 had an estimated average duration of 18.7 weeks of regular unemployment compensation benefits, a decrease from the 2010 average duration of 19.9 weeks. The overall decrease in unemployment compensation benefits paid resulted from declines in the number of recipients and average duration on unemployment compensation.

Employer and Employee Contributions

During 2011, deposits into the Unemployment Compensation Trust Fund from employer and employee contributions totaled \$2.8 billion, up from \$2.5 billion in 2010.

The average tax rate for employers in 2011 was 6.5 percent, up from 5.6 percent in 2010. This increase in the average tax rate is due, in part, to the addition of the 0.44 percent Interest Tax Factor in 2011. Taxable wages rose from \$37.3 billion in 2010 to \$38.5 billion in 2011.

Unemployment Compensation Trust Fund Solvency Measures

On June 30 of each year, the activation of annual solvency measures is determined by calculating the solvency percentage which compares Unemployment Compensation Trust Fund reserves to average annual benefit payouts. The solvency percentage is the ratio of the Unemployment Compensation Trust Fund balance on June 30 to the average three-year benefit cost ending June 30. This calculated solvency percentage determines the activation of solvency measures for the following calendar year. The following solvency measures were in effect for 2011:

- Employer surcharge of 5.8 percent (yielded \$116 million in contributions due)
- Employer additional tax of 0.65 percent (yielded \$236 million in contributions due)
- Employee tax of 0.08 percent (yielded \$203 million in contributions due)
- Benefit reduction of 2.3 percent (yielded \$72 million in savings)

The June 30, 2011 Trust Fund balance of \$1,116 million divided by the \$3,825 million three-year average benefit cost as of June 30, 2011 yielded a solvency percentage of 29 percent. This solvency percentage activated the same solvency measures for 2012 as those in effect for 2011. Please see pages 25 - 27 for more details on the solvency trigger mechanism.

Federal Loans and FUTA Tax Credit Reduction

Starting in March 2009, Pennsylvania's Unemployment Compensation Trust Fund required Title XII federal loans to meet benefit payment obligations. In calendar year 2011, \$1.4 billion in federal loans were received by Pennsylvania, and \$1.1 billion in repayments were made. At the end of 2011, the net loan balance stood at \$3.2 billion, compared to \$3.0 billion at the end of 2010. The 2011 year-end balance was the third highest among 26 states that had Title XII federal loan balances at the end of 2011.

The American Recovery and Reinvestment Act of 2009 (ARRA) waived the interest on these loans from February 17, 2009 through December 31, 2010. Starting in 2011, interest began accruing on Pennsylvania's outstanding Unemployment Compensation Trust Fund loans. An Interest Tax Factor of 0.44 percent was assessed on employers in 2011 to pay the \$104.6 million in interest that was due on September 30, 2011 to the federal government. Prior to 2011, 1986 was the last year that the Interest Tax Factor was assessed in Pennsylvania.

In addition to the Interest Factor, employers paid additional Federal Unemployment Tax Act (FUTA) taxes in 2011 as a result of the outstanding unemployment compensation debt. Under FUTA, employers are taxed at a rate of 6.0 percent (rate went from 6.2 to 6.0 on July 1, 2011) each year but are given a credit of 5.4 percent (when certain conditions are met), which reduces the FUTA rate to 0.6 percent. FUTA revenues are used to pay for unemployment compensation administrative costs, loans to states, and payments under the Extended Benefits (EB) program. However, if a state has an outstanding federal loan balance at the end of a third successive year, employers will have their credit reduced for that year, as the case was in 2011. The FUTA loss-of-credit for 2011 was 0.3 percent, effectively raising the FUTA tax by 0.3 percent. The 2011 FUTA tax increase will generate an estimated \$96 million (to be deposited in 2012) that will be used to pay down the unemployment compensation loan balance.

Emergency Unemployment Compensation and Extended Benefits

The Emergency Unemployment Compensation (EUC) program, created in June 2008 and expanded in November 2008 and November 2009, is a federally funded benefit extension that provides for the payment of four separate “tiers” of EUC for up to a total of 53 weeks of benefits for claimants who qualify.

The federal/state Extended Benefits (EB) program became available in Pennsylvania starting in February 2009. EB is available to workers who have exhausted regular unemployment compensation or EUC during periods of high unemployment. The regular EB program provides up to 13 additional weeks of benefits. An additional 7 weeks of High Unemployment Period (HUP) EB benefits is available during peak periods of high unemployment. The American Recovery and Reinvestment Act of 2009 (ARRA) provided for 100 percent federal funding of EB for weeks of unemployment beginning after Feb. 17, 2009. Full federal funding has continued through 2011 and 2012.

In 2011, a total of 447,000 claimants collected \$3.4 billion in EUC and EB in Pennsylvania (EUC and EB are paid at the same weekly rate as regular unemployment compensation). At the start of 2011, 53 weeks from four tiers of EUC (20 weeks of Tier 1 + 14 weeks of Tier 2 + 13 weeks of Tier 3 + 6 weeks of Tier 4) plus 13 weeks from regular EB and 7 weeks from HUP EB were available. As a result of a decline in Pennsylvania’s unemployment rate, Tier 4 EUC ended in April 2011, reducing total EUC availability from 53 to 47 weeks. A decline in the unemployment rate also resulted in High Unemployment Period (HUP) EB benefits ending in June 2011, reducing the number of EB weeks from 20 to 13. A subsequent slight rise in the unemployment rate led to the return of HUP EB in Nov. 12, 2011, restoring the full 20 weeks of available EB.

In February 2012, the President signed federal legislation which extended EUC benefits and 100 percent federal funding for EB through December 2012. A detailed timeline on EUC and EB legislation and provisions dating back to 2008 is provided on pages 33 - 35.

DECEMBER 2010 FORECAST COMPARED TO ACTUAL DATA 2011 CASH FLOW (DOLLARS IN MILLIONS)

	FORECAST	ACTUAL
Beginning Trust Fund Balance	\$31	\$94
Beginning Federal Loan Balance	\$3,009	\$3,009
Revenue		
Revenue	\$2,680	\$2,789
Employer and Employee Contributions	\$2,680	\$2,786
Other ¹	\$0	\$3
Disbursements		
Disbursements	\$3,448	\$3,070
Benefit Payments	\$3,420	\$3,023
Other ²	\$28	\$46
Title XII Federal Loans		
Title XII Federal Loans	\$1,964	\$1,360
Title XII Federal Loan Repayment from Trust Fund	\$1,224	\$1,134
Title XII Federal Loan Repayment from FUTA Credit Reduction ³	\$0	\$0
Ending Balances		
Ending Trust Fund Balance	\$0	\$40
Ending Federal Loan Balance	\$3,749	\$3,235
Other Metrics		
Trust Fund Balance as of June 30	\$0	\$1,116
Three Year Average Benefit Cost as of June 30	\$3,896	\$3,825
Solvency Percentage as of June 30	0%	29%

Note: Trust Fund balances include debt from bonds and federal loans.

¹ Includes other deposits to the Trust Fund such as special Reed Act distributions from the federal government, interest earnings on Trust Fund reserves, and excess FUTA credit reduction revenues.

² Includes other withdrawals from the Trust Fund such as expenditures from Reed Act subaccounts for administrative purposes.

³ After two consecutive January 1 pass (Jan 1, 2010 and Jan 1, 2011) with a loan balance and the loan balance is not repaid by November 10 of the second year (Nov 10, 2011), the employer FUTA tax is increased by 0.3 percent to repay federal loans. The tax is increased by 0.3 percent each year, with certain exceptions, until loans are repaid. The FUTA loss of credit began at 0.3% in 2011 (the 0.3% increase will be applied to 2011 taxable wages and collected with tax returns in 2012).

GLOBAL INSIGHT FORECAST COMPARISON DECEMBER 2010 AND JULY 2012

JULY 2012 GLOBAL INSIGHT FORECAST¹				
	2011	2012	2013	2014
UNITED STATES				
Gross Domestic Product (Bil. 2000\$'s)	\$13,313.4	\$13,597.3	\$13,907.8	\$14,368.9
Percent Change	1.7%	2.0%	2.0%	2.7%
National Total Unemployment Rate	9.0%	8.1%	8.0%	7.7%
PENNSYLVANIA				
Industrial Production Index (2007 = 100)	96.0	99.7	102.5	105.7
Percent Change	3.7%	3.9%	2.8%	3.1%
Nonag. Employment (Thousands)	5,690.9	5,727.5	5,792.4	5,860.5
Growth Rate	1.2%	0.6%	1.1%	1.2%
Wage and Salaries (Billions)	\$271.3	\$279.6	\$289.4	\$300.0
Annual Average Wage Growth Rate ²	2.8%	2.4%	2.3%	2.4%
Total Unemployment Rate	8.0%	7.4%	7.3%	6.9%

DECEMBER 2010 GLOBAL INSIGHT FORECAST³				
	2011	2012	2013	2014⁴
UNITED STATES				
Gross Domestic Product (Bil. 2000\$'s)	\$13,564.0	\$13,968.1	\$14,414.6	
Percent Change	2.4%	3.0%	3.2%	
National Total Unemployment Rate	9.5%	8.9%	8.2%	
PENNSYLVANIA				
Industrial Production Index (2007 = 100)	96.4	99.6	103.3	
Percent Change	3.2%	3.2%	3.7%	
Nonag. Employment (Thousands)	5,669.7	5,772.9	5,863.0	
Growth Rate	1.3%	1.8%	1.6%	
Wage and Salaries (Billions)	\$270.6	\$282.8	\$295.5	
Annual Average Wage Growth Rate ²	3.0%	2.6%	2.9%	
Total Unemployment Rate	8.5%	7.7%	6.9%	

¹ Based on Global Insight's July 2012 Baseline Forecasts for the US and Pennsylvania.

² Reflects the wage growth for UC covered employment, which is based on a forecast model using Pennsylvania total nonagriculture employment and wages from the Global Insight Pennsylvania forecast. The July 2012 forecast growth rate for 2011 is based on actual state covered employment data.

³ Based on Global Insight's December 2010 Baseline Forecasts for the US and Pennsylvania.

⁴ Projected data for calendar year 2014 were not included in the 2010 Actuarial Evaluation.

OUTLOOK FOR 2012-2014

BASIS OF ANALYSIS

2012-2014 Economic Data

The Pennsylvania Department of Labor & Industry uses Global Insight's economic forecasts for Pennsylvania and the nation as the basis for projections of Unemployment Compensation Trust Fund activity. Global Insight is an economic research firm used by Pennsylvania state agencies. The key Global Insight economic forecast indicators used to determine unemployment compensation benefit costs are Pennsylvania's total unemployment rate and nonagricultural wage and salary employment. Pennsylvania's nonagricultural wages and employment are used to forecast unemployment compensation revenue activity.

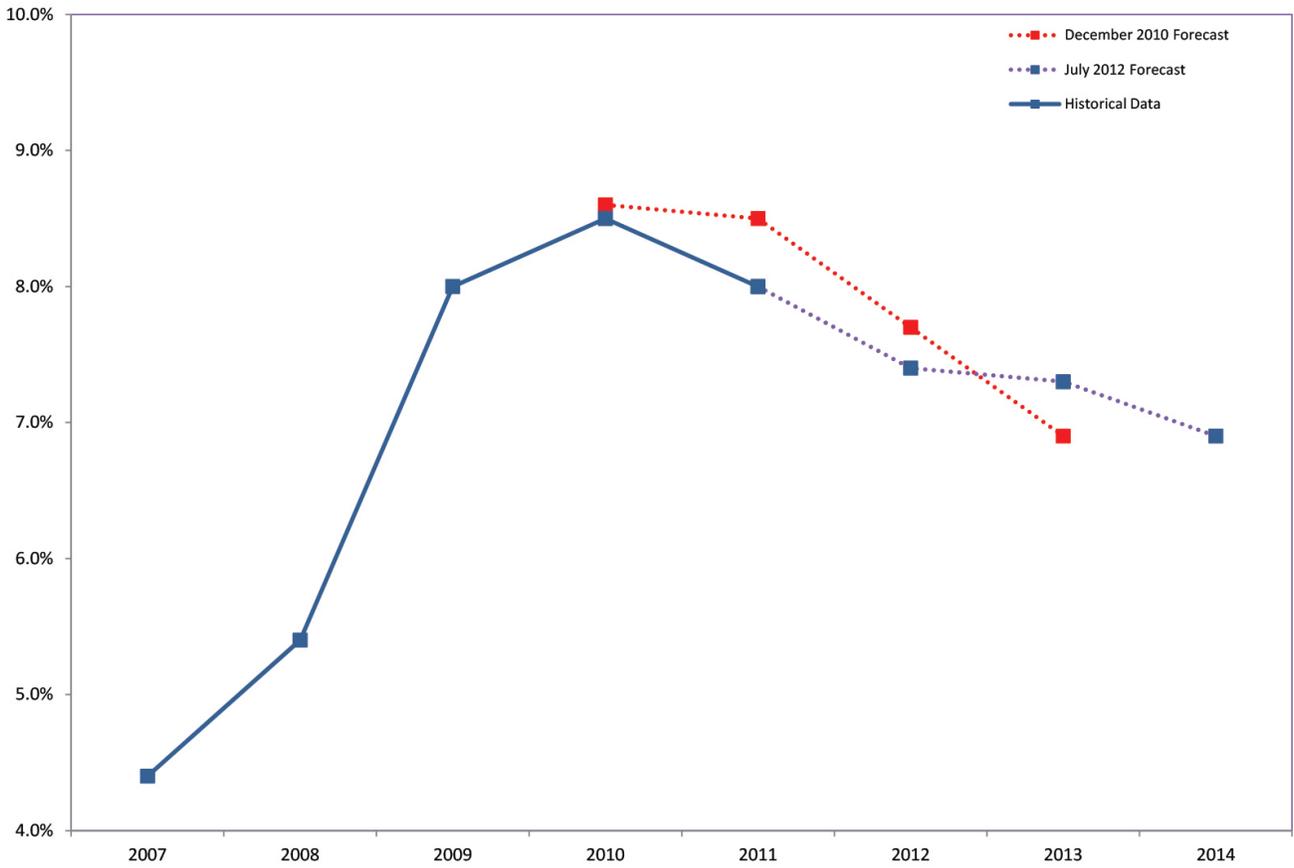
The outlook for 2012-2014 unemployment compensation activity provided in this report is based on the July 2012 Global Insight Baseline Forecast for the nation and Pennsylvania (referred to as the July 2012 Global Insight Forecast). The table found on page 11 of this report provides a comparison of the economic forecast indicators under the July 2012 Global Insight Forecast versus the December 2010 Global Insight Forecast used for the 2010 Actuarial Evaluation of the Unemployment Compensation Trust Fund.

The July 2012 Global Insight Forecast indicates that the economic recovery in Pennsylvania is continuing. Pennsylvania's unemployment rate fell from 8.5 percent in 2010 to 7.9 percent in 2011, and is projected to decline to 7.4 percent in 2012, 7.3 percent in 2013, and 6.9 percent in 2014. Pennsylvania's employment growth reflects this trend. Pennsylvania experienced positive year-over-year nonagricultural employment gains throughout 2011. Average annual employment in 2011 was 1.2 percent higher than in 2009, but remained 2.0 percent below the peak level reached in 2008. Nonagricultural employment is projected to grow in 2012-2014, reaching 5.7 million in 2012, 5.8 million in 2013, and 5.9 million in 2014.

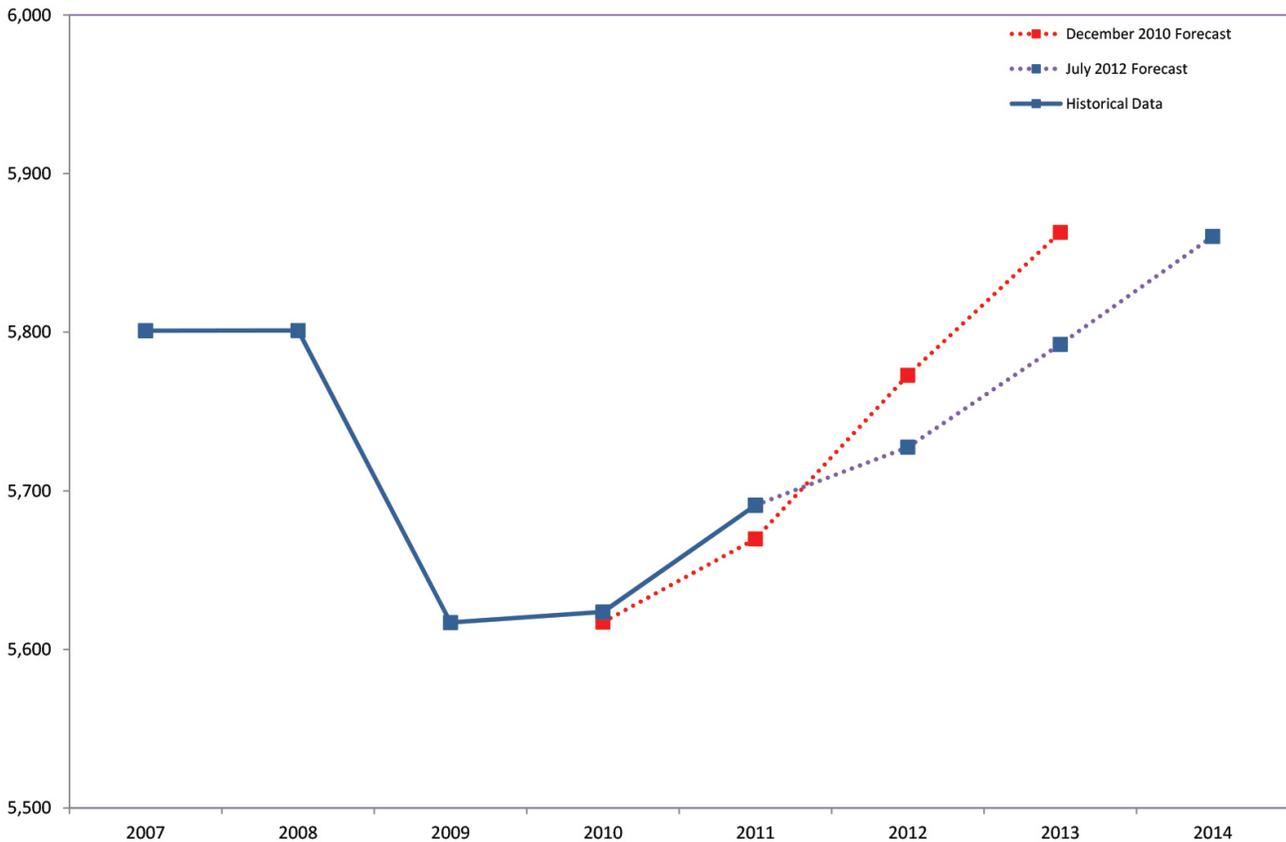
The economy at the national level is also showing signs of improvement. The average annual unemployment rate for the nation is expected to fall from 8.9 percent in 2011 to 8.1 percent in 2012, 8.0 percent in 2013, and 7.7 percent in 2014. Also, the real gross domestic product for the nation is projected to grow 2.0 percent in 2012 and 2013, and 2.7 percent in 2014.

The forecast of unemployment compensation activity reflects both the outlook for growth in the economy as well as the \$385 million in projected average annual benefit cost savings from the reforms of Act 6 of 2011 and Act 60 of 2012. Unemployment compensation benefit costs are forecasted to decline from \$3.0 billion in 2011 to \$2.9 billion in 2012, \$2.5 billion in 2013, and \$2.4 billion in 2014. Contributions from employers and employees deposited into the Unemployment Compensation Trust Fund are projected to increase from \$2.8 billion in 2011 to \$3.0 billion in 2012, then dip to \$2.7 billion in 2013, and \$2.6 billion in 2014. The Unemployment Compensation Trust Fund is projected to move toward solvency as annual revenues from employer and employee contributions exceed annual benefit costs starting in 2012.

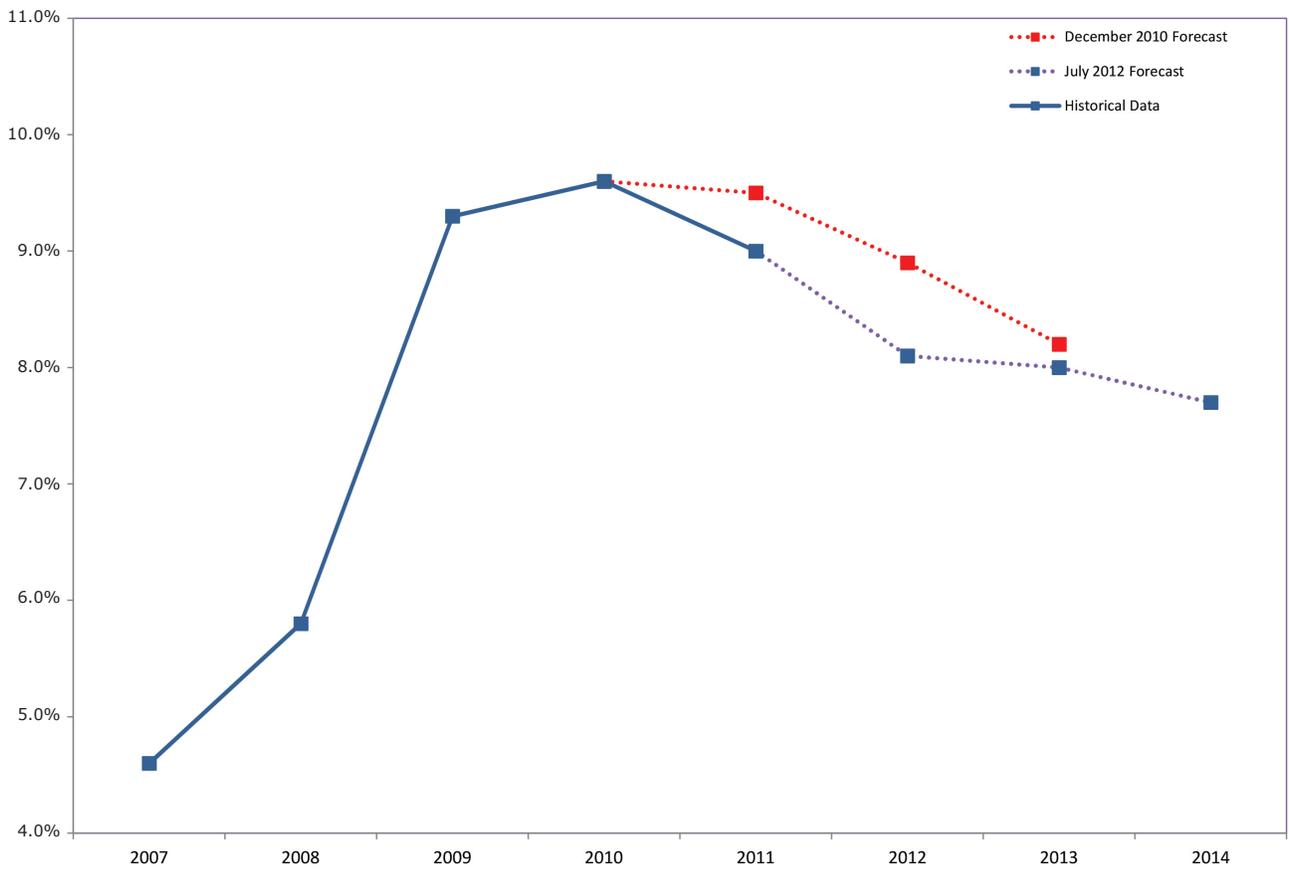
PA TOTAL UNEMPLOYMENT RATE



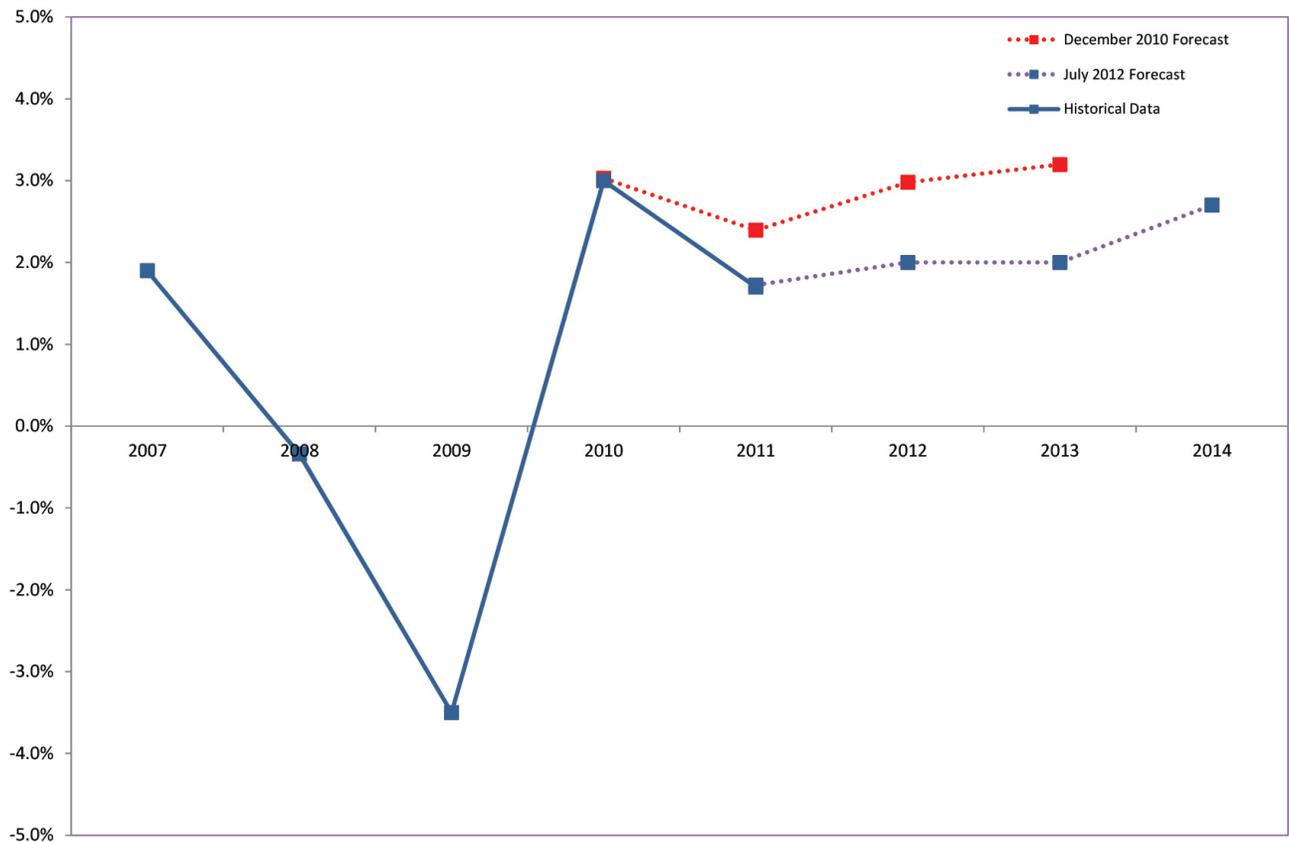
PA. NONAGRICULTURAL EMPLOYMENT (IN THOUSANDS)



US TOTAL UNEMPLOYMENT RATE



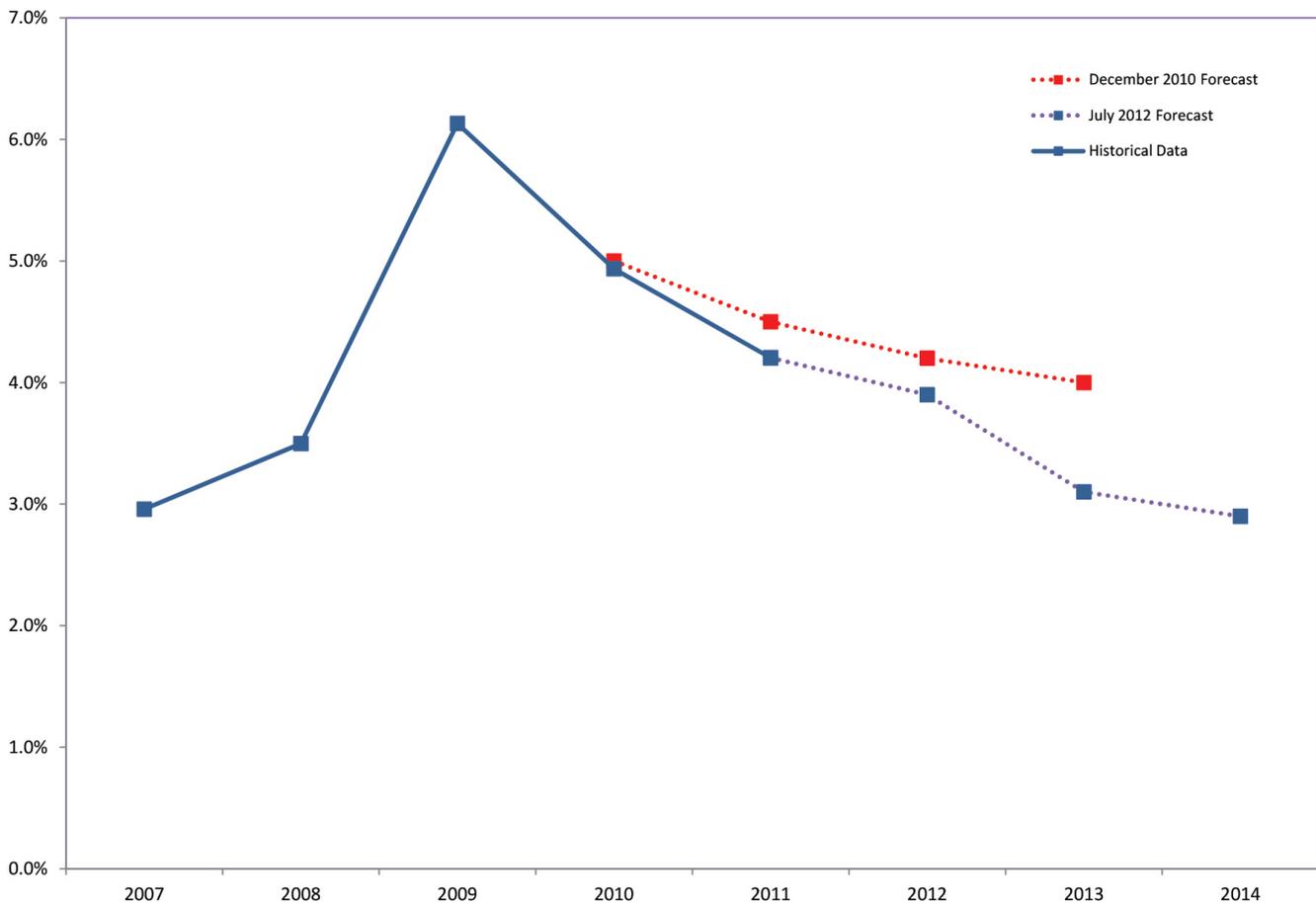
US GROSS DOMESTIC PRODUCT (PERCENT CHANGE)



Insured Unemployment Rate (IUR)

The IUR (percent ratio of regular unemployment compensation claims to covered employment) is projected to decrease from 4.2 percent in 2011 to 3.9 percent in 2012, followed by rates of 3.1 percent in 2013 and 2.9 percent in 2014. The trend in the IUR reflects the projected decline in weeks claimed coupled with moderate growth in unemployment compensation covered employment through 2014. The number of weeks claimed forecast during the period is 11.0 million for 2012, 8.9 million for 2013 and 8.5 million for 2014 – well below 2011's total of 11.9 million. Unemployment compensation covered employment is forecast to rise from 5.4 million in 2011 to 5.5 million in 2012 and 2013 and 5.6 million in 2014. Growth in unemployment compensation covered employment follows the same pattern as growth in nonagricultural employment.

PA INSURED UNEMPLOYMENT RATE (IUR)



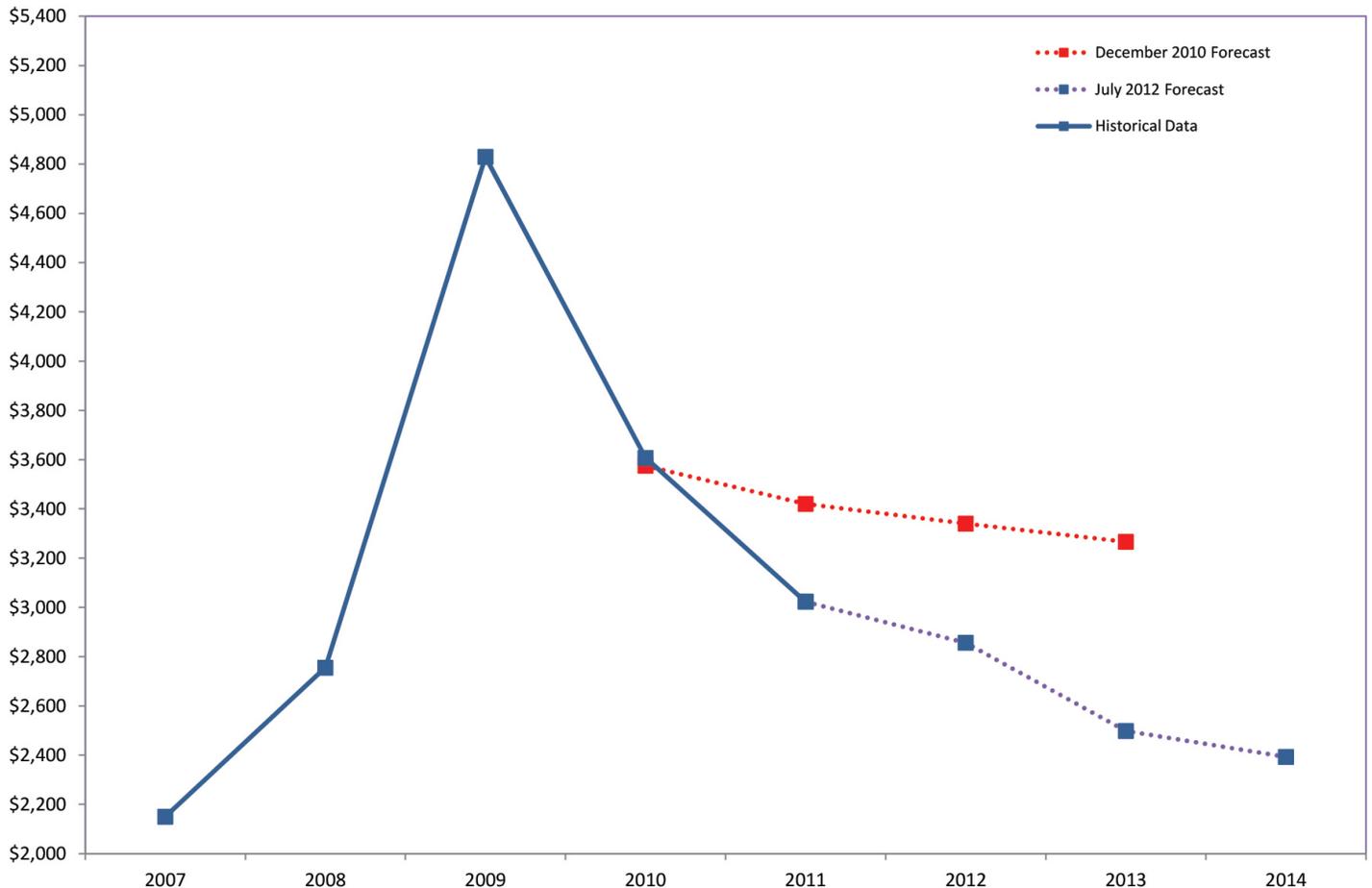
Benefit Costs

As a result of the gradual recovery in the economy and savings from Act 6 and Act 60 reforms, unemployment compensation benefit costs are forecast to fall in the coming years. In 2012, benefits paid will fall to \$2.9 billion, down from 2011's \$3.0 billion level. Unemployment compensation benefits paid are forecast to continue to decline to \$2.5 billion in 2013 and \$2.4 billion in 2014.

The forecast for weeks paid reflects the decline in the amount of benefits paid. Weeks paid showed a decrease from 9.9 million in 2011 to 9.2 million in 2012. Weeks paid are forecast to fall to 7.7 million in 2013 and 7.3 million in 2014. By 2013, the number of weeks paid is expected to fall to 50 percent of the peak level of 15.4 million reached in 2009.

The average weekly benefit amount (based on weeks paid for total unemployment) projected for 2012 is \$339, up from \$335 in 2011, and reflects a benefit reduction of 2.3 percent. The average weekly benefit amount projected for 2013 and 2014, \$353 and \$358, respectively, reflects a 1.7 percent benefit reduction. Act 60 of 2012 freezes the maximum weekly benefit at \$573 through 2019.

UNEMPLOYMENT COMPENSATION BENEFIT COSTS (IN MILLIONS)



Employer and Employee Contributions

Employer and employee contributions during 2012 are forecast to total \$3.0 billion, an increase over the 2011 total of \$2.8 billion. The amount of total contributions is projected to decrease to \$2.7 billion in 2013 and \$2.6 billion in 2014. This section describes the factors that determine the outlook for employer and employee contributions.

Taxable employers subject to the Unemployment Compensation Law are assigned an unemployment compensation tax rate each year, which is based on the employer's unemployment compensation experience (benefits charged versus taxes paid) and the employer solvency measures in effect. The assigned tax rate is applied to the employer's taxable wages to generate the amount of contributions due.

The average unemployment compensation employer tax rate is projected to be 6.4 percent for 2012, 0.1 percent lower than the 6.5 percent average rate in 2011. The average tax rate is projected to increase slightly to 6.5 percent again in 2013 before dropping to 6.3 percent in 2014. The drop after 2013 reflects the improvement in employers' tax experience factors as benefit charges continue to decline as a result of the economic recovery and benefit cost savings from Act 6 and Act 60 reforms.

Taxable wages are wages paid by contributory employers, up to the taxable wage base for each employee. Since 1984, the taxable wage base has been \$8,000. Under the provisions of Act 60, the taxable wage base will increase from 2012 through 2018 as follows:

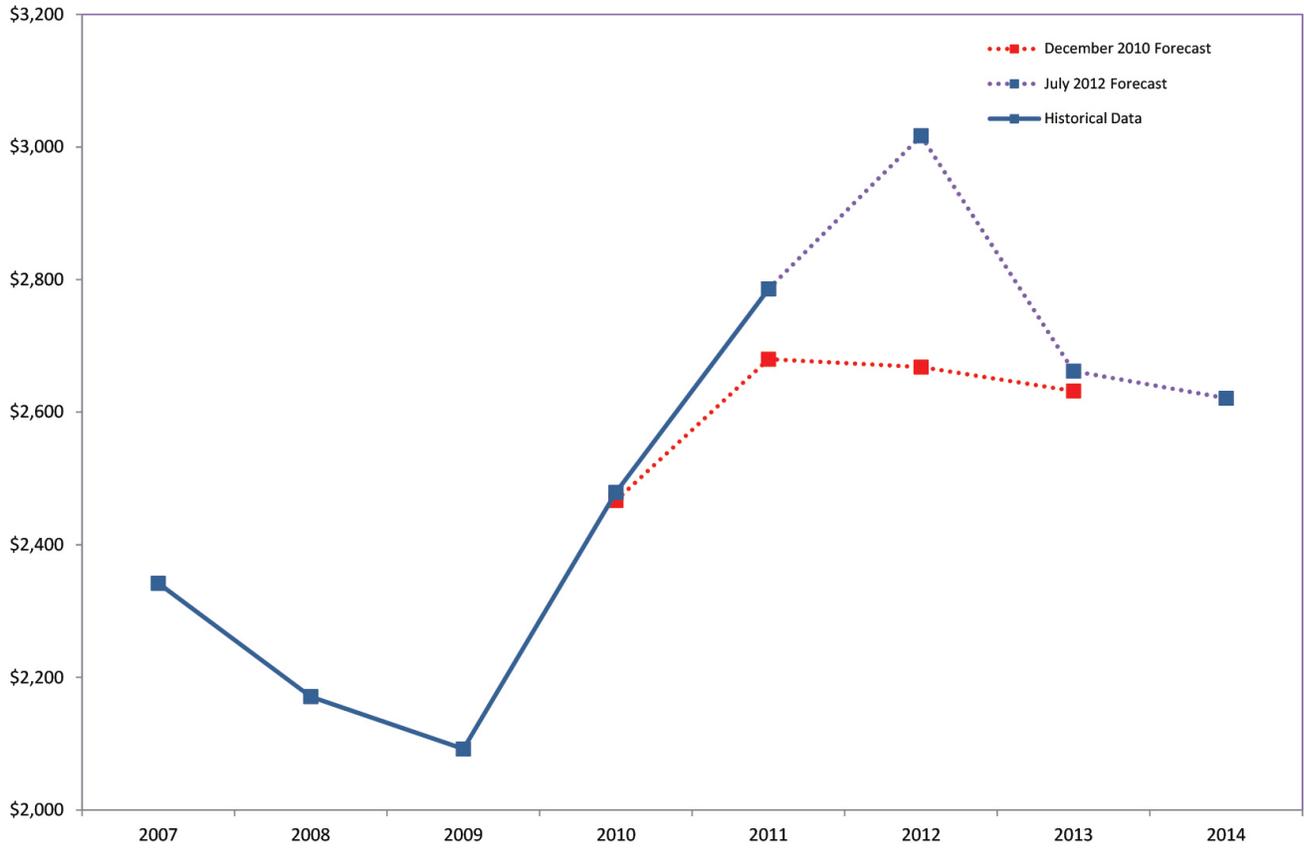
- 2012: \$8,000
- 2013: \$8,500
- 2014: \$8,750
- 2015: \$9,000
- 2016: \$9,500
- 2017: \$9,750
- 2018 and thereafter: \$10,000

Taxable wages are projected to increase from the 2011 total of \$38.5 billion to \$38.9 billion in 2012, \$41.8 billion in 2013 and \$43.5 billion in 2014. Taxable wages will increase as a result of the statutory increase in the taxable wage base as well as growth in unemployment compensation covered employment. Unemployment compensation covered employment is forecast to rise from 5.4 million in 2011 to 5.5 million in 2012 and 2013 and 5.6 million in 2014 (follows same pattern as growth in nonagricultural employment).

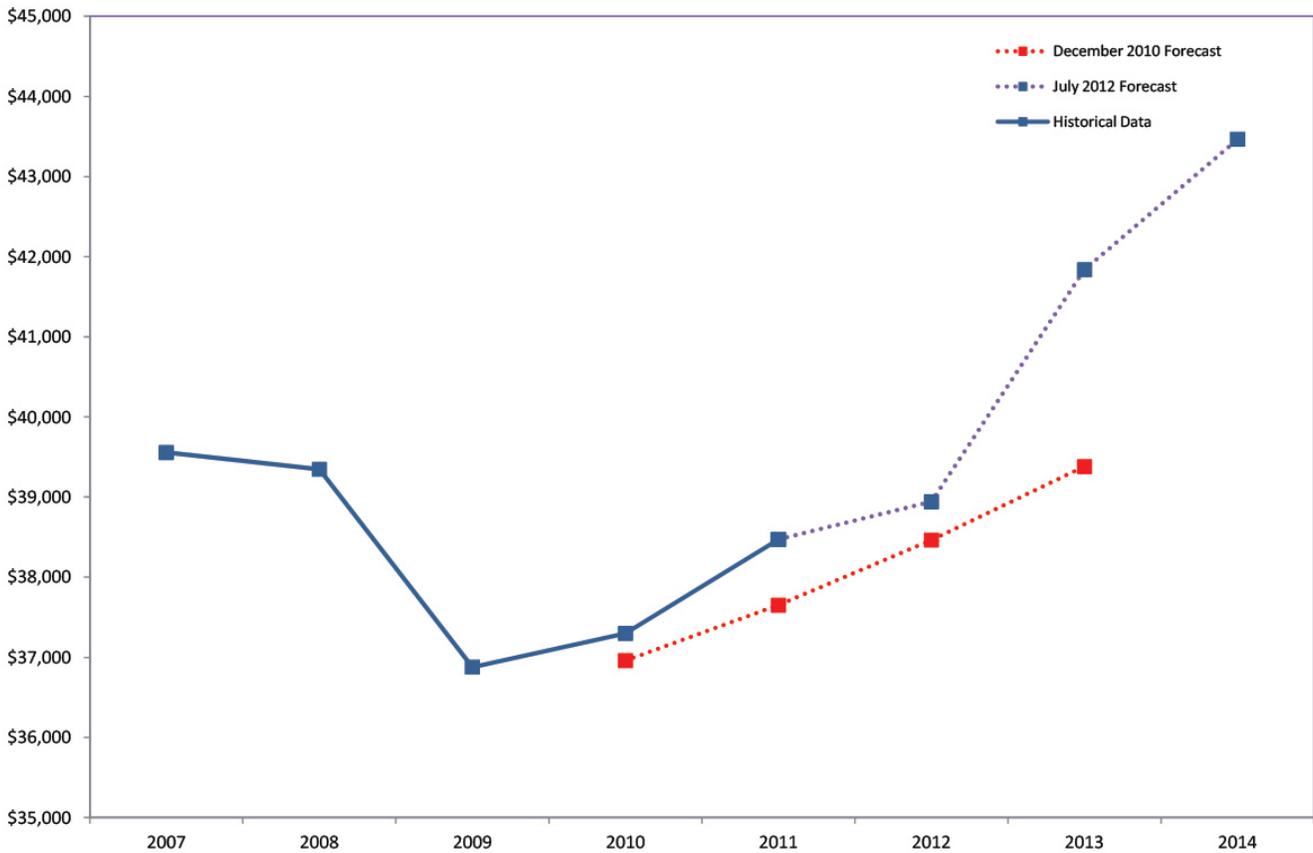
Some employers, called 'reimbursable employers' do not pay unemployment compensation taxes. Instead, a reimbursable employer reimburses the Unemployment Compensation Fund dollar-for-dollar for benefits paid to former employees. Section 501(c)(3) non-profit organizations and political subdivisions may elect to be reimbursable employers. In 2011, 2.4 percent of covered employers were reimbursable.

Employee contributions are generated from the employee tax (from the solvency trigger mechanism) applied to total wages, not just those under the taxable wage base. The employee tax rate is 0.08 percent for 2012 and 0.07 percent for 2013 and 2014. Total wages are projected to increase from \$253 million in 2011 to \$261 million in 2012, \$271 million in 2013, and \$280 million in 2014. Under the forecast, the employee tax is expected to generate \$209 million in 2012, \$189 million in 2013, and \$196 million in 2014.

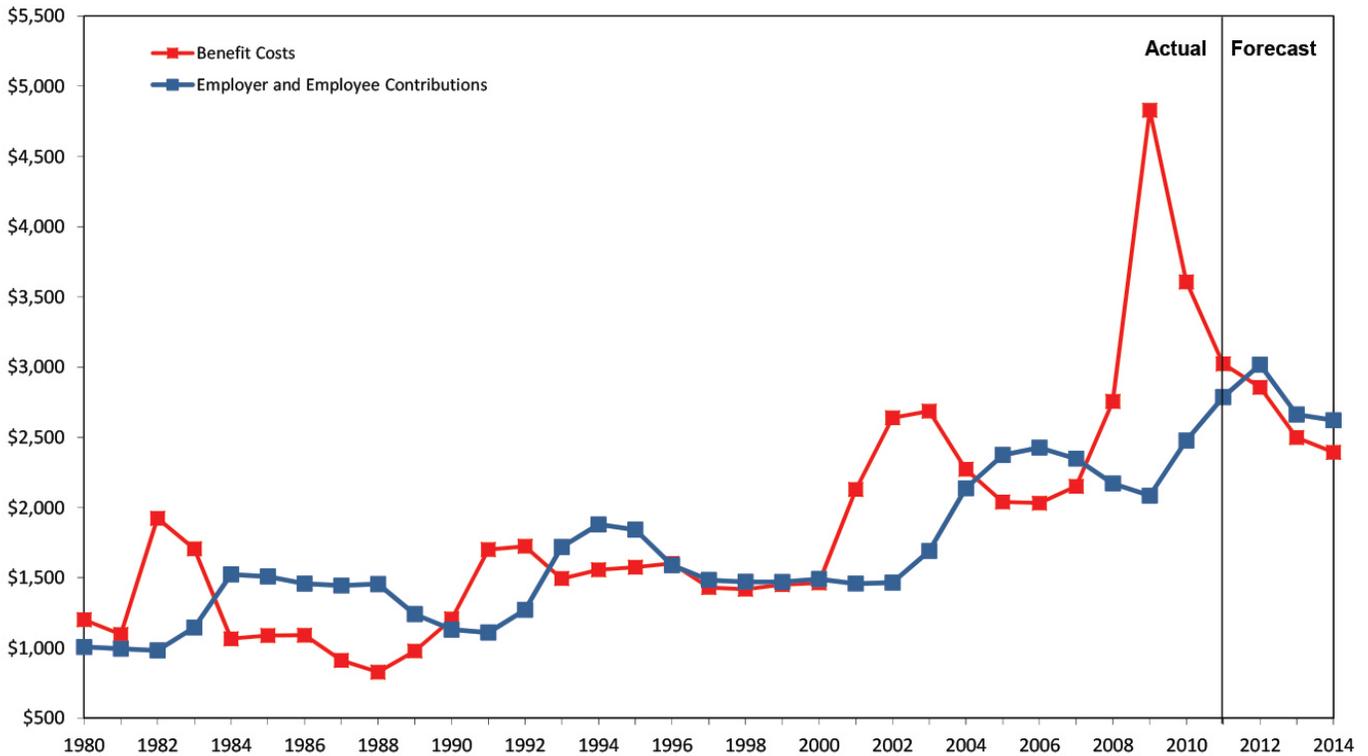
UNEMPLOYMENT COMPENSATION EMPLOYER AND EMPLOYEE CONTRIBUTIONS (IN MILLIONS)



UNEMPLOYMENT COMPENSATION TAXABLE WAGES (IN MILLIONS)



**UNEMPLOYMENT COMPENSATION BENEFIT COSTS VERSUS
EMPLOYER AND EMPLOYEE CONTRIBUTIONS
(IN MILLIONS)**



Note: Projections are based on the July 2012 GLOBAL INSIGHT Forecast

Unemployment Compensation Trust Fund Solvency Trigger Mechanism

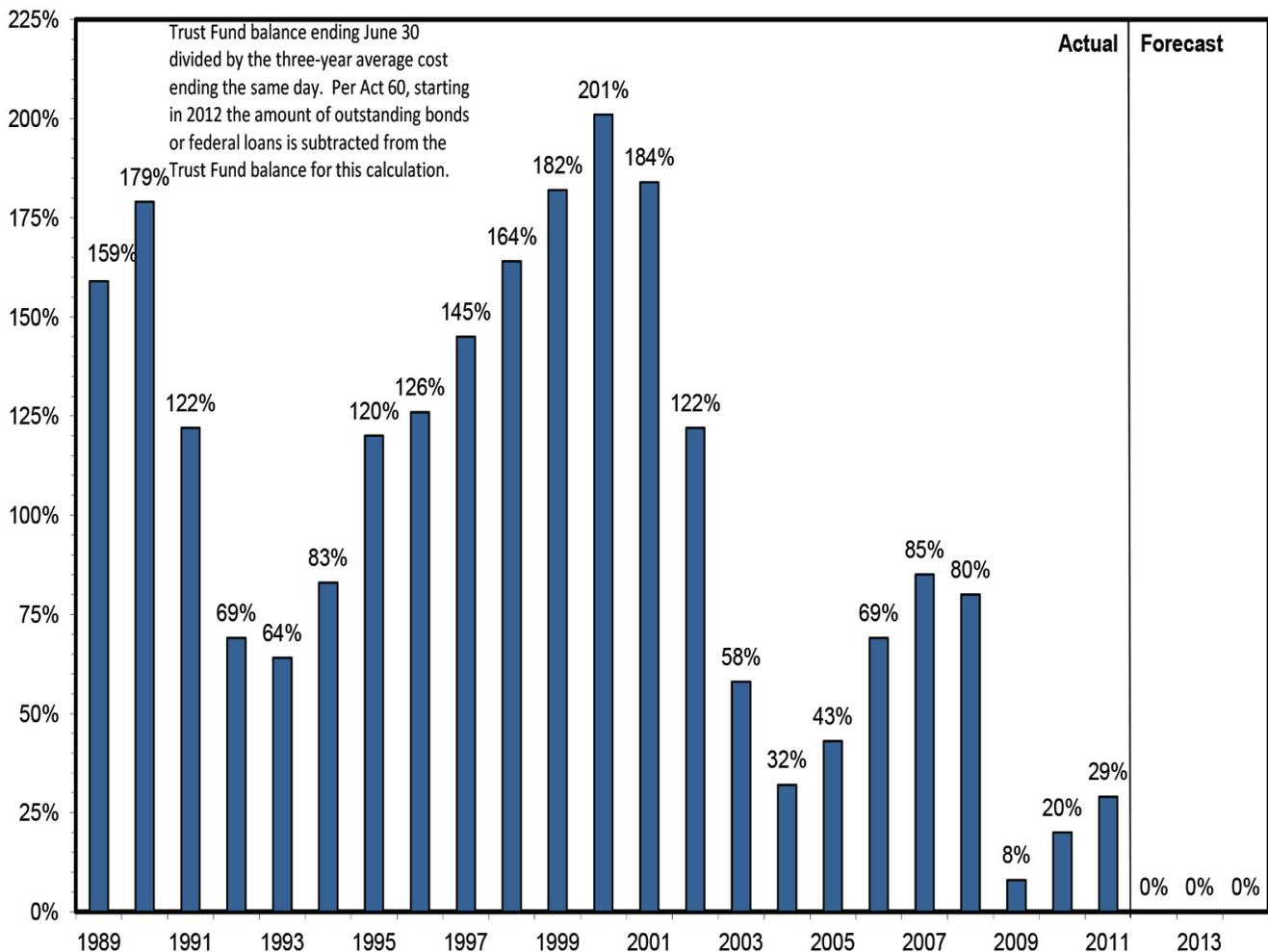
Effective in 1992 and each fifth year thereafter, the UC Law requires the solvency measure rates to be redetermined to derive a total targeted annual monetary impact of \$544 million. In July 2012, the solvency measure rates for 2013-2017 were determined based on calendar year 2011 benefit and tax contribution activity. The rate redeterminations are intended to maintain the targeted \$544 million monetary impact of the solvency measures. More detailed information on the solvency trigger mechanism is provided on pages 25 - 27.

The solvency percentage calculated as of June 30th of each year from 2012 through 2014 is projected to be 0 percent. The calculated solvency percentage determines the activation of solvency measures for the following calendar year. As provided under the reforms of Act 60 of 2012, the solvency measures and target dollar amounts previously applicable when the trigger percentage was less than 50 percent now apply from 0 percent to 249 percent. For calendar years 2012 through 2014, the employer surcharge, employer additional tax, employee tax, and benefit reduction will be assessed at the rates that have been calculated to meet the target dollar amounts specified by state UC Law.

The projected solvency measure rates and amounts generated for 2012 through 2014 are as follows:

- **Employer Surcharge:** A 5.8 percent surcharge on employer contributions is in effect for 2012, as it was in 2011. The employer surcharge will remain but will decline to 5.1 percent in 2013 and 2014. Employer contributions due from the surcharge will be \$119 million in 2012, \$98 million in 2013 and \$96 million in 2014.
- **Employer Additional Tax:** The employer additional tax is forecast to remain triggered on through 2014. The rate for 2011 was 0.65 percent, and it is forecast to remain at 0.65 percent in 2012-2014. The employer additional tax will yield contributions due totaling \$238 million in 2012, \$256 million in 2013, and \$266 million in 2014.
- **Employee Tax:** The employee tax is in effect in 2012 and is forecast to remain in effect through 2014. For 2012, the employee tax rate is 0.08 percent (same as 2011) and will drop to 0.07 percent in 2013 and 2014. Tax contributions due from this measure will total \$209 million in 2012, \$189 million in 2013 and \$196 million in 2014. Per Act 60, 5 percent of employee tax contributions from 2013 through 2017 will be allocated to the Reemployment Fund to provide or enhance reemployment services for unemployment compensation claimants.
- **Benefit Reduction:** The benefit reduction will be in effect for 2012 through 2014. A rate of 2.3 percent (same as 2011) will yield benefit reductions totaling \$67 million in 2012, while a benefit reduction of 1.7 percent in 2013 and 2014 will yield benefit reductions totaling \$43 million and \$41 million, respectively.

UNEMPLOYMENT COMPENSATION TRUST FUND SOLVENCY PERCENTAGE



Note: Projections are based on the July 2012 Global Insight Forecast

UNEMPLOYMENT COMPENSATION TRUST FUND SOLVENCY TRIGGER MECHANISM¹ 2011 - 2014 JULY 2012 GLOBAL INSIGHT FORECAST

	ACTUAL	FORECAST		
	2011	2012	2013	2014
Solvency Percentage ²	29%	0%	0%	0%
Trigger Level ²	Less than 50%	Less than 25%	Less than 250%	Less than 250%
EMPLOYER SURCHARGE				
Percentage	5.8%	5.8%	5.1%	5.1%
Contributions Due (in millions)	\$116	\$119	\$98	\$96
EMPLOYER ADDITIONAL TAX				
Percentage	0.65%	0.65%	0.65%	0.65%
Contributions Due (in millions)	\$236	\$238	\$256	\$266
EMPLOYEE TAX				
Percentage	0.08%	0.08%	0.07%	0.07%
Contributions Due (in millions)	\$203	\$209	\$189	\$196
BENEFIT REDUCTION				
Percentage	2.3%	2.3%	1.7%	1.7%
Contributions Due (in millions)	\$72	\$67	\$43	\$41

¹ Solvency measures are applicable to year shown but are activated by the prior year solvency percentage. Solvency measure rates were recalculated in 2007 (for 2008 -2012) and will be recalculated in 2012 (for 2013 - 2017) as required by Unemployment Compensation Law. The solvency measure rates shown for 2011 and 2012 are based on actual data for 2006. The solvency measure rates shown for 2013 and 2014 are projected.

² Solvency percentages are calculated as of June 30 and determine the trigger levels which yield the solvency measures for the following calendar year. Beginning in 2013, there will be a single trigger level of "Less than 250%". See pages 25 - 27 for a more detailed explanation of the Solvency Trigger Mechanism.

Federal Loans, FUTA Tax Credit Reduction, Interim Financing, and Bonds

Act 60 of 2012 included provisions for refinancing Pennsylvania's Title XII federal loans for unemployment compensation through the sale of bonds to obtain the lowest possible rate of interest and to fully restore the Federal Unemployment Tax Act (FUTA) credit for employers starting in 2012. On July 25, 2012, Pennsylvania's \$2.8 billion federal loan balance was repaid in full from \$3.2 billion in interim financing obtained through Citibank, N.A. The interim financing also included \$382 million in unemployment compensation benefits funding for the remainder of calendar year 2012. As a result of repaying the federal loan balance, the full FUTA credit was restored for employers starting in 2012. If the federal loan balance had not been repaid before November 10, 2012, the FUTA loss-of-credit would have increased from 0.3% (previously assessed on 2011 wages) to 0.6 percent on 2012 wages. On Oct. 18, 2012, Pennsylvania closed on the sale of unemployment compensation bonds generating a total of \$3.27 billion in funds to repay the interim financing, establish a \$75 million bond reserve fund, and cover the cost of issuance. This refinancing of the federal loan debt through the interim Citibank loan and subsequent bond sale is estimated to save employers over \$150 million in interest costs from 2012 through 2019.

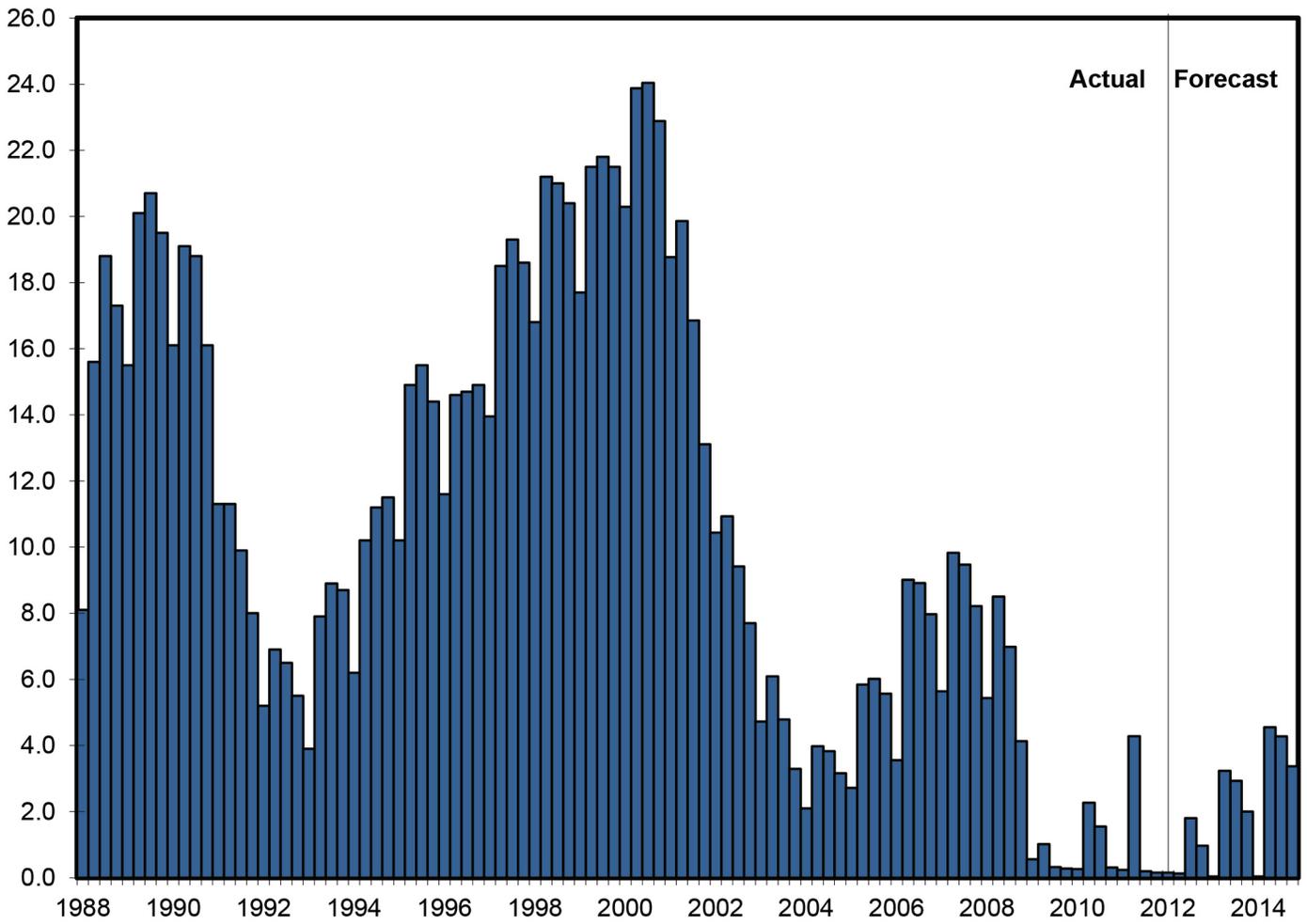
The Interest Factor, a separate component of the employer unemployment compensation contribution rate that was originally created for repaying interest on Title XII federal loans, was repurposed under the provisions of Act 60 for both interest on federal loans and to pay off bonds. An Interest Tax Factor of 0.20 percent was assessed on employers in 2012 to pay the \$82.1 million in interest that was due on September 30, 2012 to the federal government. Starting in 2013, the rate is required to be set annually in an amount sufficient to ensure full and timely payment of the bond debt, up to a maximum of 1.1 percent. In 2013 and 2014, the Interest Factor will be 1.1 percent. Interest tax revenues are projected to be \$68 million in 2012, \$410 million in 2013, and \$462 million in 2014.

No additional federal loans will be necessary before the end of 2012. Federal cash flow loans are anticipated in the first quarter of 2013 and 2014 which will be repaid before the end of the second quarter in the same year.

Unemployment Compensation Trust Fund Summary

As a result of cost savings from Act 6 and Act 60 provisions and gradually improving economic conditions, employer and employee contributions will exceed benefit payments in both 2013 and 2014, as the Unemployment Compensation Trust Fund starts to move toward solvency. The calendar year ending Trust Fund balance is projected to reach \$234 million (1 month of benefits) for 2012, \$417 million (2 months of benefits) for 2013, and \$672 million (3.4 months of benefits) for 2014.

UNEMPLOYMENT COMPENSATION TRUST FUND BALANCE MONTHS OF BENEFITS IN RESERVES BY QUARTER



Note: Projections are based on the July 2012 Global Insight Forecast

UNEMPLOYMENT COMPENSATION TRUST FUND

2011 - 2014 CASH FLOW

JULY 2012 GLOBAL INSIGHT FORECAST

(DOLLARS IN MILLIONS)

	ACTUAL		FORECAST	
	2011	2012	2013	2014
Beginning Trust Fund Balance	\$94	\$40	\$234	\$417
Beginning Federal Loan Balance	\$3,009	3,235	\$0	\$0
Beginning Bond Balance	\$0	\$0	\$3,269	\$2,868
Revenue				
Revenue	\$2,789	\$3,020	\$2,681	\$2,648
Employer and Employee Contributions	\$2,786	\$3,017	\$2,662	\$2,621
Other ¹	\$3	\$3	\$19	\$27
Disbursements				
Disbursements	\$3,070	\$2,871	\$2,498	\$2,393
Benefit Payments	\$3,023	\$2,856	\$2,498	\$2,393
Other ²	\$46	\$15	\$0	\$0
Title XII Federal Loans				
Title XII Federal Loans	\$1,360	\$1,104	\$229	\$29
Title XII Federal Loan Repayment from Trust Fund	\$1,134	\$4,243	\$229	\$29
Title XII Federal Loan Repayment from FUTA Credit Reduction ³	\$0	\$96	\$0	\$0
Bonds⁴				
Bonds ⁴	\$0	\$3,269	\$0	\$0
Bond Repayment	\$0	\$0	\$401	\$449
Ending Trust Fund Balance				
Ending Trust Fund Balance	\$40	\$234	\$417	\$672
Ending Federal Loan Balance	\$3,235	\$0	\$0	\$0
Ending Bond Balance	\$0	\$3,269	\$2,868	\$2,419
Trust Fund Balance as of June 30				
Trust Fund Balance as of June 30	\$1,116	\$31	\$719	\$926
Three Year Average Benefit Cost as of June 30				
Three Year Average Benefit Cost as of June 30	\$3,825	\$3,467	\$2,933	\$2,679
Solvency Percentage as of June 30				
Solvency Percentage as of June 30	29%	0%	0% ⁵	0% ⁵

Note: Trust Fund balances include debt from bonds and federal loans.

¹ Includes other deposits to the Trust Fund such as special Reed Act distributions from the federal government, interest earnings on Trust Fund reserves, and excess FUTA credit reduction revenues.

² Includes other withdrawals from the Trust Fund such as expenditures from Reed Act subaccounts for administrative purposes.

³ After two consecutive January 1 pass (Jan 1, 2010 and Jan 1, 2011) with a loan balance and the loan balance is not repaid by November 10 of the second year (Nov 10, 2011), the employer FUTA tax is increased by 0.3 percent to repay federal loans. The tax is increased by 0.3 percent each year, with certain exceptions, until loans are repaid. The FUTA loss of credit began at 0.3% in 2011 (the 0.3% increase will be applied to 2011 taxable wages and collected with tax returns in 2012).

⁴ On October 18, 2012, Pennsylvania closed on the sale of UC bonds generating a total of \$3.27 billion in funds to repay the \$3.185 billion in interim financing that covered the federal loan balance and \$382 in UC benefit funding through 2012, establish a \$75 million bond reserve fund, and cover the cost of issuance.

⁵ Per Act 60, the solvency percentages for 2013 and 2014 are based on the nominal Trust Fund balance minus the amount of outstanding federal loans and bond principal.

UNEMPLOYMENT COMPENSATION TRUST FUND SOLVENCY TRIGGER MECHANISM

The Unemployment Compensation Law was amended in October 1988 to include an unemployment compensation (UC) trigger mechanism. The amendment provided that a solvency measurement, in the form of a solvency percentage, be taken each July 1, starting in 1989. The solvency percentage determines the trigger level, which in turn activates in the subsequent calendar year specified tax measures for both employers and employees and triggers "on" or "off" a reduction to UC benefits.

The solvency percentage is calculated annually on July 1 according to the following formula:

$$\text{Solvency Percentage} = \frac{\text{Unemployment Compensation Trust Fund balance (June 30)}}{\text{Average of benefit costs for last three fiscal years (June 30)}} \times 100$$

Effective in 1992 and each fifth year thereafter, the UC Law requires the solvency measure rates to be redetermined to derive a targeted annual monetary impact for each solvency measure. Rates are to be redetermined based on the prior calendar year's benefit and contribution activity and are effective in the following calendar year. The rate redeterminations are intended to maintain the monetary impact of each solvency measure at a level comparable to what would be derived by the original rates at the time of the solvency trigger's adoption. Solvency measure targeted dollar values are listed below. Under Act 60, starting in 2013, the solvency trigger mechanism was reduced to a single level where all measures trigger "on" at a solvency percentage less than 250 percent.

SOLVENCY MEASURES TARGETED DOLLAR AMOUNTS PRIOR TO 2013 (PRE-ACT 60) (DOLLARS IN MILLIONS)

TRIGGER LEVEL	EMPLOYER SURCHARGE ¹	EMPLOYER ADDITIONAL CONTRIBUTIONS ²	EMPLOYEE TAX ³	BENEFIT REDUCTION
150% or more	-\$18	\$0	\$0	\$0
125% but less than 150%	0	0	33⅓%	0
110% but less than 125%	50	0	66⅔%	0
95% but less than 110%	100	0	66⅔%	0
75% but less than 95%	100	75	116⅔%	0
50% but less than 75%	100	150	166⅔%	0
Less than 50%	100	225	166⅔%	52
Less than 25%		Prior trigger level solvency measures and transfer (if any) from Unemployment Compensation Trigger Reserve Account.		

SOLVENCY MEASURES TARGETED DOLLAR AMOUNTS BEGINNING IN 2013 (AS SPECIFIED UNDER ACT 60) (DOLLARS IN MILLIONS)

TRIGGER LEVEL	EMPLOYER SURCHARGE ¹	EMPLOYER ADDITIONAL CONTRIBUTIONS ²	EMPLOYEE TAX ³	BENEFIT REDUCTION
250% or more	\$0	\$0	\$0	\$0
Less than 250%	100	225	166⅔%	52

¹ Assessed on employer contributions due and excludes reimbursable employers. The surcharge is not assessed on solvency additional contributions.

² Added on to an employer's assigned rate and excludes new and reimbursable employers. The measure is not subject to the solvency surcharge on contributions due.

³ Assessed on all employee gross wages for a calendar year.

In 1992, 1997, 2002, 2007, and 2012 the rates were recalculated to meet the targeted dollar amounts based on the previous calendar year contribution and benefit activity. The following tables show the solvency measure rates that were recalculated for use in 2008 through 2012 and 2013 through 2017.

SOLVENCY MEASURES 2008 - 2012¹

TRIGGER LEVEL	EMPLOYER SURCHARGE ³	EMPLOYER ADDITIONAL CONTRIBUTIONS ⁴	EMPLOYEE TAX ⁵	BENEFIT REDUCTION
150% or more	None	-1.1%	None	None
125% but less than 150%	None	None	None	None
110% but less than 125%	None	2.9	0.02%	None
95% but less than 110%	None	5.8	0.03	None
75% but less than 95%	0.25%	5.8	0.06	None
50% but less than 75%	0.45	5.8	0.08	None
Less than 50%	0.65	5.8	0.08	2.3%
Less than 25%		Prior trigger level solvency measures and transfer (if any) from Unemployment Compensation Trigger Reserve Account.		

Beginning in 2013, solvency measures will be assessed if the solvency percentage on June 30 of the preceeding year is less than 250 percent. The following table shows projected solvency measure rates for 2013 through 2017.

SOLVENCY MEASURES 2013 - 2017²

TRIGGER LEVEL	EMPLOYER SURCHARGE ³	EMPLOYER ADDITIONAL CONTRIBUTIONS ⁴	EMPLOYEE TAX ⁵	BENEFIT REDUCTION
250% or more	None	None	None	None
Less than 250%	0.65%	5.1%	0.07%	1.7%

¹ Solvency measures for 2008-2012 were determined in 2007 based on contribution and benefit activity for calendar year 2006.

² Solvency measures for 2013-2017 are based on contribution and benefit activity for calendar year 2011.

³ Assessed on employer contributions due and excludes reimbursable employers. The surcharge is not assessed on solvency additional contributions.

⁴ Added on to an employer's assigned rate and excludes new and reimbursable employers. The measure is not subject to the solvency surcharge on contributions due.

⁵ Assessed on all employee gross wages for a calendar year.

STATUS OF UC PROGRAMS AND INITIATIVES

Unemployment Compensation Tax Services (UCTS) Accomplishments and Customer Focus

Below are some highlights of activity completed by UCTS during calendar year 2011:

- Completed 3,784 tax compliance audits on gross payroll of \$1.76 billion
- Approximately \$2.79 billion dollars was deposited into the UC Fund, representing timely and delinquent payments from employers.
- Established 707 payment plans for employers.
- Processed 10,080 UC tax rate appeals.

UCTS continues to participate in seminars and outreach programs to educate employers, accountants and payroll services on their rights and responsibilities under the Pennsylvania UC Law. Topics included are:

- Misclassified Workers
- Professional Employer Organizations (PEO)
- Contribution Rates
- Rate Appeal Deadlines
- Taxability of Corporate Officer Wages
- Coverage Issues
- UC Audits
- History of UC
- UC Management System (UCMS)

Unemployment Compensation Management System (UCMS) Modernization of Legacy Systems

Employers will have a more efficient means of filing quarterly UC reports and paying taxes online when the UCMS replaces those functions of the e-TIDES system. Employers and their representatives will continue to file and pay business taxes, other than UC, on e-TIDES. In addition, employers and employer representatives (aka Third Party Administrators, or TPAs) will be able to do the following:

- File quarterly wage report (UC-2A) information online. Wage information will be used by UCMS to calculate the employer's quarterly tax report (UC-2) information: gross and taxable wages and the amounts due for employee withholding, employer contributions, and interest and penalty if applicable.
- Upload a file containing quarterly wage report and tax report information. Acceptable file formats will be Interstate Conference of Employment Security Agencies, or ICESA, and Comma Delimited.
- Send a file containing quarterly wage report information via File Transfer Protocol, or FTP. FTP allows the transfer of files over the Internet. Acceptable file formats will be ICESA and Social Security Administration.
- Send a file containing quarterly tax report information via FTP using a tab delimited file format.
- Amend previously filed quarterly wage and tax reports. Through UCMS, this can be done online by uploading files or by sending files via FTP using the ICESA format.
- Pay all quarterly amounts due online by ACH debit and credit card (including a PIN-less debit card). Employers can also print a payment voucher to mail. With the arrival of UCMS, TPAs representing more than one employer can file wage and tax report information for multiple clients by FTP. Filing quarterly wage reports via magnetic tapes, cartridges or diskettes will be discontinued.

e-Tides/UC-Tides

"e-TIDES" is an application jointly developed by L&I and the Department of Revenue that allows employers to file and pay Pennsylvania business taxes via the Internet. The part of the application administered by L&I (called "UC-Tides") allows for electronic filing and payment of quarterly UC tax and wage reports.

The usage of UC-Tides continued to grow in 2011, as indicated below:

	2007	2008	2009	2010	2011
UC-2 Tax Reports filed	190,491	192,611	274,770	327,027	343,422
UC-2A Wage Reports filed	151,519	221,786	241,373	287,021	300,470
Individual Wage Details	4,116,043	5,569,171	6,080,708	6,919,533	7,399,121
UC Payments (millions)	\$379.5	\$395.1	\$425.9	\$595.2	\$708.8

Electronic Filing Requirement

Upon the implementation of the Unemployment Compensation Management System (UCMS), and the anticipated adoption of Regulation 63.52(e), employers will be required to electronically file the UC wage and tax reports. This electronic filing requirement supports the efforts of the Unemployment Compensation Management System (UCMS), to standardize the collection of wage data and employer contributions, increase employers' self-service options, improve the accuracy of data, and make processing more efficient and less expensive to employers and the Commonwealth.

Misclassified Workers

Studies have estimated that up to 25 percent of workers are misclassified as independent contractors when in fact an employer/employee relationship exists. Misclassified workers have become an important education and auditing initiative for the Office of Unemployment Compensation Tax Services (UCTS). The federal government and other states have also encountered problems with the misclassification of employees as "independent contractors", and the subsequent under-reporting of taxable wages. In order to address this issue, the UCTS is conducting audits of registered and unregistered employers in industries, where historically workers have been misclassified. During 2011 8,200 misclassified workers were discovered and \$2.12 million in underreported contributions. This effort will continue in 2012.

Currently, Section 4(l)(2)(B) of the Pennsylvania Unemployment Compensation Law has a two-part test to determine whether or not an individual is an independent contractor. The department has drafted proposed legislation to more clearly define the definition of an independent contractor. This will make it easier for employer's to understand the law so that they can properly classify their workers.

State Unemployment Tax (SUTA) Dumping Update

Like all states, Pennsylvania uses an "experience rating" system to compute the yearly unemployment compensation tax rates that are assigned to covered employers. The experience rating system bases the yearly tax rate assigned to an employer on the employer's history of taxable wages, contributions paid into the UC Trust Fund and benefits payments to former employees.

“SUTA Dumping” is the term applied to schemes by which employers artificially reduce state UC tax obligations by evading unfavorable experience records. When employers engage in SUTA Dumping and receive artificially low tax rates, any UC benefits that are not recovered by the lower rates must be underwritten by the general employer population, tending to raise the tax rates that must be paid by all employers in order to keep the UC Trust Fund solvent. For several years, the department has been systematically targeting and investigating suspected cases of SUTA Dumping. As of the end of 2011, the department has undertaken 257 investigations and has identified \$31.9 million in additional contributions payable to the Pennsylvania UC Trust Fund. This effort will continue in 2012.

Unemployment Compensation Service Centers (UCSC) Accomplishments and Customer Focus

In 2011, Pennsylvania’s UCSCs completed over 4.5 million telephone calls from claimants. The UCSCs processed 810,583 new initial claims, 722,521 additional claims and more than 12.1 million continued claims (including over 7 million Internet UC continued claims). Additionally, the UCSC issued over 330,000 non-monetary determinations for UC eligibility.

During 2011, new PCs were installed throughout OUCB to meet required technology needs in order to deal with the increased demands of serving unemployed individuals and Pennsylvania employers.

Services for Limited English Proficiency (LEP) Customers

The UC program recognizes the importance of providing services based on the individual needs of the customers. Pennsylvania’s UCSCs provide translation services in over 200 different languages through Language Services Associates IntrepreTalk® for customers who are limited English or non-English speaking. When a claimant or other individual contacts a UCSC by telephone and the individual has difficulty communicating in English, UCSC representatives use IntrepreTalk® to assist in determining the customer’s language need before providing further service. In 2011, the UCSCs used IntrepreTalk® to assist with 56,392 calls in 70 different languages. The top four languages requested were Spanish, Vietnamese, Arabic and Russian, with Spanish comprising 90 percent of the calls. Seven new languages were requested this year: Chin, Hakka, Ibo, Kannada, Lingala, Mai Mai and Yiddish. Additionally, five bilingual staff throughout the UCSCs are available to assist Spanish-speaking customers.

There were 2,741 Spanish Internet initial claims in 2011 as compared to 1,850 in 2010. Over 41,496 continued claims were filed via the Spanish Internet continued claims site during 2011 as compared to 38,950 in 2010. In addition, there is a paper claim form in Spanish for individuals who have difficulty using the Internet or telephone systems. As the need is determined, paper claim forms will be provided in other languages.

Important claims information is provided in Spanish on posters and pamphlets distributed through Pennsylvania CareerLink® and other workforce development agencies. Labor & Industry continues to expand the number of publications and marketing tools available in Spanish and other languages.

Videophone Services for the Deaf

Since March 2011, OUCB has been offering videophone service for the deaf to communicate directly with a UC claims representative through a state-registered American Sign Language interpreter. The service is available from noon to 4 p.m. every Wednesday by calling 717-704-8474 from any videophone. The videophone service is a collaboration between the Pennsylvania Office for the Deaf & Hard of Hearing, OUCB’s Customer Services Division and local service agencies. Individuals who are deaf may use the videophone service to file claims for unemployment benefits, ask questions about their claims or get information about UC programs. This program averages 13 calls per week. In June 2011, OUCB submitted information regarding the videophone program to Information Technology Support Center (ITSC) which was added to its website.

Weekly Mass Email to Claimants

In an attempt to reduce the number of telephone calls to the service centers, increase communication with UC claimants and acclimate them to information available on our website, starting in May 2011, OUCB Customer Services staff began sending weekly mass emails to claimants who have provided their email addresses when filing their initial claims for benefits and have received their first benefit payments. The email messages mainly focus on fraud prevention, but also include other information such as holiday payment schedules, Internet services, etc., and are written in English and Spanish. The email messages are sent to approximately 60,000 claimants each week.

Workforce Development Initiatives

UC-funded personal computers (PC) are installed in all 67 PA CareerLink® centers to facilitate UC claimant access to automated UC applications and PA CareerLink® enrollment processes. Also, Spanish centers, Nueva Esperanza and Calle Americana in Philadelphia, each have a UC-funded PC to allow access to UC services in Spanish over the Internet. This initiative was designed to allow direct access to both UC and reemployment services in a single location, thereby returning customers to gainful employment as soon as possible. It also means more claimants can take advantage of the wide variety of Internet UC services available.

OUCB Workforce Development (WD) field staff continues to participate with PA CareerLink® partners in reemployment services for UC claimants. In 2011, WD field staff assisted at 591 rapid response informational presentations and trade benefit rights interviews that impacted over 33,000 workers. The field staff also participated in chairing 20 regional workforce development meetings. These meetings brought together workforce development partners for discussions regarding UC re-employment programs.

UC Program Reaches Out to Employers

OUCB sponsored 68 speaking engagements across the state in 2011. The purpose of these events conducted by OUCB WD staff was to educate employers in all aspects related to new UC Laws and UC procedures. Topics included specific explanations regarding separation issues, relief from charges, suitable work and appeal hearings. Feedback was very positive from the employers who attended the seminars, which were held in conjunction with meetings sponsored by the Employers Advisory Council, Chamber of Commerce, Workforce Investment Board and other employer group meetings about UC program benefit changes and initiatives.

UC Participates in Job Fairs and Here to Help Events

During 2011, OUCB WD staff also participated in 17 job fairs and Here to Help Events throughout the state. These events, often sponsored by PA CareerLinks®, provided unemployed persons with one location where information about local job opportunities and social services was available. In addition to answering questions from participants and making presentations regarding UC eligibility requirements and how to file applications for benefits, WD staff also provided information on state civil service employment opportunities.

Disaster Unemployment Assistance (DUA) Events

The Federal Emergency Management Agency (FEMA) made available federal aid to Pennsylvania due to the flooding from Hurricane Irene beginning on Aug. 26, 2011, and from Tropical Storm Lee beginning on Sept. 3, 2011.

The first disaster, FEMA No. DR-4025, was declared on Sept. 3, 2011, due to the effects of Hurricane Irene and the second, FEMA No. DR-4030, was declared on Sept. 9, 2011, due to Tropical Storm Lee.

For FEMA No.DR-4025 (Hurricane Irene), DUA benefits were approved for the following counties: Bucks, Chester, Delaware, Lehigh, Luzerne, Monroe, Montgomery, Northampton, Philadelphia, Sullivan, and Wyoming. For Tropical Storm Lee (FEMA No.DR-4030), DUA benefits were approved for the following counties: Adams, Bradford, Columbia, Cumberland, Dauphin, Lancaster, Lebanon, Luzerne, Lycoming, Montour, Northumberland, Perry, Schuylkill, Snyder, Sullivan, Susquehanna, Union, Wyoming, and York. These additional counties were added on Sept. 27, 2011: Berks, Bucks, Chester, Delaware, Montgomery, Northampton, and Philadelphia.

Through Dec. 31, 2011, 80 weeks totaling \$15,664 were paid under FEMA No.DR-4025. For FEMA No. DR-4030, a total of 2,429 weeks were paid totaling \$549,621 through Dec. 31, 2011.

Twenty-one Disaster Recovery Centers (DRCs) were established in Pennsylvania to give assistance to people affected by the disasters. Approximately 100 staff from the PA Department of Labor & Industry were on hand at 15 DRCs, which were open during the period of mid September through mid November 2011. Though not federally required, this state-funded action taken by the governor provided L&I in-person onsite service to those affected by the 2011 Tropical Storm Lee and Hurricane Irene flooding disasters.

Claimant Identity Verification

On July 31, 2006, Labor & Industry implemented a new computer cross match to confirm claimant information provided on an application for UC benefits. Specifically, the cross match verifies the name, date of birth and Social Security number. This cross match helps eliminate benefit fraud and overpayments. As of Dec. 31, 2011, a total of 623,891 claimant identity verification requests were generated. Of these, 606,730, or 97.2 percent, were either immediately verified through the cross match or verified through manual procedures such as telephone interviews. The UCSC staff investigates any unverified claims in order to bring them to a resolution.

Internet Claims

In 2011, a total of 538,957 claims (including new and additional) were processed over the internet, accounting for 35 percent of new and additional claims filed. Also, internet usage for filing biweekly claims continues to grow with current continued claims processed through the Internet accounting for about 57 percent of all continued claims, up from 53 percent in 2010.

Pennsylvania New Hires Program

Under the New Hires program, employers must report, within 20 days, any new employees and employees who return to work after a leave of absence of 30 days or more to the State Directory of New Hires (SDNH). Reports from the New Hires Directory are cross matched with records from the departments of Public Welfare and Labor & Industry to identify and locate people owing child support, as well as individuals who may have been overpaid public assistance, unemployment, and/or worker's compensation. To further help prevent overpayments from occurring, a new Form UC-202, Important Notice, was developed by the department. On Sept. 6, 2011, the form began being mailed to claimants whenever a hit was received through either the SDNH or National Directory of New Hires (NDNH) cross match runs. This computer-generated letter is mailed to a claimant at the same time that Form UC-767, New Hire cross match questionnaire, is generated to the employer. It informs claimants that the department is aware of their new employment, and instructs them that if they are going to continue to claim benefits they must properly report their earnings. The letter also advises that failure to report employment while filing for benefits that may constitute fraud. Through the department's cross matching with both the SDNH and the NDNH, the department detected 6,086 overpayments in UC benefits, totaling \$3.73 million, during 2011. Almost \$2.09 million in overpayments was recovered in 2011.

Trade Adjustment Assistance

On Feb. 12, 2011, the "Trade and Globalization Adjustment Assistance Act of 2009" (TGAAA) (Public Law 93-618) expired. As a result, the TAA program reverted back to the provisions in effect under the "Trade Adjustment Assistance Reform Act of 2002" (TAARA) (Public Law 107-210). This applied to workers covered under any petitions filed after Feb. 14, 2011. Workers covered by petitions that were filed under the 2009 law continue to receive the benefits that were available under the 2009 program with the exception of the HCTC which dropped from a 85 percent tax credit down to 65 percent for all claimants.

On Oct. 21, 2011, President Obama signed the "Trade Adjustment Assistance Extension Act of 2011" (TAAEA) (Public Law 112-40). The new legislation applies to all claimants covered under certified petitions filed on or after Oct. 21, 2011. It also applies retroactively to all claimants covered under certified petitions filed after Feb. 14, 2011, who did not receive any benefits under the Trade Act of 2002 prior to Dec. 20, 2011. These claimants will be offered a one-time election during the period of Dec. 20, 2011, through March 19, 2012, to either continue to receive benefits under the Trade Act of 2002 or to begin receiving benefits under the Trade Act of 2011.

TAA is a federally funded program offering benefits to certain trade impacted workers, as determined by the U.S. Department of Labor, at no cost to employers. These benefits include job training, income support, job search and relocation allowances, re-employment services, and a tax credit to help pay the costs of health insurance. The purpose of the TAA Program is to return workers to suitable employment. While many trade-affected workers will be able to find re-employment without assistance, the Trade Act program provides additional benefits to support the re-employment effort. A lot of explanation on TAA but minimal on Workforce Development.

During 2011, 38 TAA petitions were certified under the Trade Act of 2002, 46 TAA petitions were certified under the Trade Act of 2009, and three TAA petitions were certified under the Trade Act of 2011. As a result, 5,113 workers were notified of their eligibility to apply for TAA. During this period, there was approximately \$11,157,595 of TRA benefits paid.

HCTC is a tax credit that currently covers 72.5 percent of the premium amount paid by eligible individuals who are receiving TAA and individuals receiving benefits from the Pension Benefit Guaranty Corporation for qualified health insurance coverage. During calendar year 2011, the department transmitted a monthly average of 9,600 potentially eligible TRA recipients to the program administrator for the Internal Revenue Service (IRS). Of these individuals, an average of 2,500 were enrolled per month and received a payment for the tax credit. Claimants who qualified for the HCTC when the 65 percent rate was in effect, will retroactively qualify for the 72.5 percent tax credit that is currently available.

The Reemployment Trade Adjustment Assistance (RTAA) for Older Workers (over 50 years old) Program permits workers to receive up to \$10,000 over a two-year period. In 2011, 644 claimants were paid RTAA benefits totaling \$2,517,181.61. In 2011, 59 claimants were paid Alternative Trade Adjustment Assistance (ATAA) benefits totaling \$128,353.38.

Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) Programs

Federally-funded EUC benefits began in July 2008 with the first tier of 13 weeks of EUC benefits. Legislation was enacted in November 2008 to increase the maximum entitlement of the first tier of EUC to up to 20 weeks of EUC benefits in all states. This federal law applied retroactively as if included in original EUC Law. The first payable week of the extended EUC benefits was the week ending Nov. 29, 2008. This legislation also provided for a second tier of up to 13 more weeks of EUC benefits that became available to unemployed Pennsylvanians who had exhausted their entire

first tier of EUC entitlement if a period of very high unemployment, as defined in EUC Law, “triggered on” in Pennsylvania. During the week ending Jan. 3, 2009, Pennsylvania reached that level of unemployment, and, during the week ending Jan. 24, 2009, Pennsylvania began to pay Tier 2 EUC benefits.

On Feb. 17, 2009, the “*American Recovery and Reinvestment Act of 2009*” (ARRA, Public Law 111- 5, a.k.a. “Stimulus Law”) was signed into federal law. Under a provision of this law, states were permitted to opt to pay EUC benefits to claimants before EB if the state was in an extended benefits period. During the week ending Jan. 31, 2009, Pennsylvania reached the level of unemployment specified in the Pennsylvania UC Law to permit the payment of up to 13 weeks of Pennsylvania EB benefits. The first EB week payable was Feb. 21, 2009. The EB Program is a joint federal-state undertaking pursuant to the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA).

Because Pennsylvania was in an EB period, as permitted under ARRA, the state opted to pay EUC benefits to qualified claimants prior to paying their EB benefits. When EUC claimants exhausted the maximum amount of EUC they qualified to receive, they could then begin to claim EB if they remained eligible for UC and Pennsylvania remained in an EB period. Also under ARRA, the cost allocation for EB temporarily changed so that the federal government paid for 100 percent, rather than the usual 50 percent, of the cost of EB for weeks of unemployment through Jan. 2, 2010. However, state and local government employers remained liable to reimburse the full costs of EB benefits paid to their former workers.

On July 29, 2009, Governor Rendell signed into law HR 1770. This amended Pennsylvania UC Law by adding a temporary, alternative trigger mechanism based on PA’s total unemployment rate (TUR) that allowed Pennsylvania to provide up to seven additional weeks of EB available to regular EB exhaustees during a “High Unemployment Period” (HUP). Under this amended law, the new TUR trigger for High Unemployment Period Extended Benefits (HUP EB) remains in effect only as long as 100 percent federal funding of EB benefits is available under ARRA. During the week ending July 18, 2009, Pennsylvania reached the level of unemployment specified in the Pennsylvania UC Law, to permit the payment of up to seven weeks of HUP EB, beginning with the week ending Aug. 8, 2009.

On Nov. 6, 2009, the “*Worker, Homeownership, and Business Assistance Act of 2009*” (Public Law 111- 92) was enacted into federal law. This law expanded benefits currently available under EUC, effective with the week ending Nov. 14, 2009. Although the maximum amount of Tier 1 EUC benefits available to claimants remained unchanged, the maximum Tier 2 EUC benefits for all EUC claimants increased by up to one more week. This law also provided for two new tiers of EUC benefits. EUC Tier 3 provides for up to 13 more weeks of EUC benefits under certain conditions, and EUC Tier 4 provides for up to six more weeks of EUC benefits under certain conditions.

On Dec. 19, 2009, the “*2010 Defense Appropriations Act*” (Public Law 111-118), was signed into federal law. This new legislation continued the EUC program through the end of February 2010. In addition, this legislation allowed HUP EB to continue.

On March 2, 2010, the “*Temporary Extension Act of 2010*” (Public Law 111-114) was signed into federal law allowing the continuation of the EUC and HUP EB programs through April 2010.

On April 15, 2010, the “*Continuing Extension Act of 2010*” (Public Law 111-157) was signed into federal law allowing the continuation of the EUC and HUP EB programs through June 2010.

On July 22, 2010, the “*Unemployment Compensation Extension Act of 2010*” (Public Law 111-205) was signed into federal law allowing the continuation of the EUC program through November 2010 and the HUP EB program through December 2010. Additionally, this law introduced four “options”

provided to the states which would allow claimants who qualify for a new regular UC claim to continue to receive EUC benefits under certain circumstances. Pennsylvania chose the option requiring that EUC claimants who qualify for a new regular UC claim must continue to collect EUC if switching to UC would reduce their weekly benefit rate (WBR) by at least \$100 or 25 percent.

On Dec. 17, 2010, the "*Tax Relief, UI Reauthorization, and Job Creation Act of 2010*" (Public Law 111-312), was signed into law which extends the EUC program through Dec. 31, 2011, and provides full federal funding for HUP EB through Jan. 7, 2012.

On March 10, 2011, Pennsylvania's three-month average TUR fell to 8.4 percent, making April 9, 2011, the phase out week for Tier 4 EUC. Triggering off Tier 4 would not affect an individual's Tier 4 entitlement, if already established on or before April 2, 2011.

On May 20, 2011, the U.S. Department of Labor notified Pennsylvania that EB and HUP EB had triggered off based on the three-month comparable average falling below 6.5 percent and the TUR falling below 110 percent for the same period in the previous two years. The last payable week of EB and HUP EB was June 11, 2011.

On June 17, 2011, Governor Corbett signed into law Senate Bill 1030 allowing the use of the three-year look-back when calculating the three-month comparable average for EB. This bill allowed for the continued payment of EB. Based on the three-year look-back, Pennsylvania still did not qualify to remain on HUP EB.

On Oct. 21, 2011, the U.S. Department of Labor notified Pennsylvania the TUR rose from 7.9 percent to 8.1 percent. This increase restarted HUP EB, with the first payable week of Nov. 12, 2011.

On Dec. 23, 2011, the "*Temporary Payroll Tax Cut Continuation Act of 2011*" (P.L. 112-78 (H.R. 3765)), was signed into federal law extending the EUC program and 100 percent federal funding of the EB program for two months. EUC will begin to phase out March 3, 2012, and 100 percent federal funding of EB extends to March 10, 2012. The last payable week of EB and HUP EB is Feb. 4, 2012, unless further state legislation is enacted to allow Pennsylvania to continue using the three-year look-back mechanism.

From the EUC Program's inception through the week ending Dec. 31, 2011, initial EUC claims totaled 1,171,641. The number of payments issued for all tiers totaled 30,295,739 and the total amount of EUC benefits paid totaled \$9,967,795,975, making the average weekly payment amount \$329.

From the EB Program's inception through the week ending Dec. 31, 2011, initial EB claims filed totaled 544,874. The number of payments issued for EB and HUP EB totaled 4,373,262 and the total amount all EB benefits paid totaled \$1,437,193,736, making the average weekly payment amount \$329.

On Wednesday, Feb. 22, 2012, the president signed into law the "*Middle Class Tax Relief and Job Creation Act of 2012*", which extends EUC benefits and allows for 100 percent EB funding through December 2012. Although the funding for EB has been extended, Pennsylvania's EB program is expected to trigger off in late April 2012 and end three weeks later in May. Current unemployment benefits will remain in place until May. Thereafter, the number of weeks of benefits will be reduced in accordance with the new legislation.

STATISTICAL APPENDIX

Weekly Benefit Rates and Earnings Requirements	38
UC Claims Activities	40
UC Payment Activities	42
UC Nonmonetary Determinations.....	44
Employer Contribution Factors.....	46
Summary of Tax Rates by Industry	48
Covered Employment and Wages.....	50
UC Solvency Trigger Measures.....	52
Trust Fund Summary.....	54
Extended Benefits and Emergency Unemployment Compensation Claims Activity and Nonmonetary Determinations	56
Extended Benefits and Emergency Unemployment Compensation Payment Activities.....	58
Population and Labor Force Data.....	60

DEFINITIONS FOR WEEKLY BENEFIT RATES AND EARNING REQUIREMENTS

Minimum Weekly Benefit Rate

Lowest amount of weekly unemployment compensation (UC) benefits available under Pennsylvania's UC Law before deductions (e.g., for pensions).

Maximum Weekly Benefit Rate

Highest amount of weekly UC benefits established by Pennsylvania's UC Law before deductions (e.g., for pensions) or supplements (e.g., for dependent allowance).

Earning Requirement, High Quarter

Amount of an individual's highest quarterly wages needed to qualify for a particular weekly benefit rate – used in combination with the base year earning requirement to determine benefit eligibility.

Earning Requirement, Base Year

Amount of wages during a four quarter period needed to qualify for benefits – used in conjunction with the high quarter earning requirement to determine the weekly benefit rate.

WEEKLY BENEFIT RATES AND EARNING REQUIREMENTS

YEAR	MINIMUM			MAXIMUM		
	WEEKLY BENEFIT RATE ¹	EARNING REQUIREMENT		WEEKLY BENEFIT RATE ¹	EARNING REQUIREMENT	
		HIGH QUARTER	BASE YEAR		HIGH QUARTER	BASE YEAR
1992	\$35	\$800-812	\$1,320	\$304	\$7,538	\$12,080
1993	35	800-812	1,320	317	7,863	12,600
1994	35	800-812	1,320	329	8,163	13,080
1995	35	800-812	1,320	340	8,438	13,520
1996	35	800-812	1,320	352	8,738	14,000
1997	35	800-812	1,320	362	8,988	14,400
1998	35	800-812	1,320	375	9,313	14,920
1999	35	800-812	1,320	393	9,763	15,640
2000	35	800-812	1,320	408	10,138	16,240
2001	35	800-812	1,320	430	10,688	17,120
2002	35	800-812	1,320	442	10,988	17,600
2003	35	800-812	1,320	451	11,213	17,960
2004	35	800-812	1,320	461	11,463	18,360
2005	35	800-812	1,320	478 ²	11,888	19,040
2006	35	800-812	1,320	497 ²	12,363	19,800
2007	35	800-812	1,320	520	12,938	20,720
2008	35	800-812	1,320	539	13,413	21,480
2009	35	800-812	1,320	558	13,888	22,240
2010	35	800-812	1,320	564 ³	14,038	22,480
2011	35	800-812	1,320	573 ³	14,263	22,840

¹ Does not include \$5 for first dependent and \$3 for second dependent which became effective October 1, 1971.

² Beginning January 1, 2005 and continuing in 2006, all weekly benefit checks were subject to a 2.3 percent reduction. For example, a \$252 weekly benefit rate was reduced to \$246.

³ Beginning January 1, 2010 and continuing in 2011, all weekly benefit checks were subject to a 2.3 percent reduction.

DEFINITIONS FOR UC CLAIM ACTIVITIES

Insured Unemployment Rate (IUR)

Ratio of the average annual weekly number of persons claiming UC benefits to average annual covered employment - calculated by dividing average annual weekly continued weeks claimed by average annual covered employment.

Initial Claims

Notices of unemployment filed to request a determination of entitlement to and eligibility for compensation in a new benefit year (period of eligibility) following a period of employment or to begin a second or subsequent period of eligibility within the benefit year following interim employment - included are transitional claims which provide another period of eligibility (benefit year) based on a second determination of entitlement without a period of employment separating the end of the first benefit year from the beginning of the second.

New Claims

Type of initial claim representing an individual's first separation from employment for which a determination of benefit eligibility is requested.

Weeks Claimed

Requests for benefits filed by claimants which certify to the fact the claimants experienced total, partial, or part total unemployment for given weeks (includes waiting weeks claimed and requests subsequently denied).

Waiting Weeks Claimed

First week of unemployment in a benefit year for which individuals do not receive benefits but must meet UC eligibility requirements in order to qualify for benefits for subsequent weeks of unemployment.

UNEMPLOYMENT COMPENSATION CLAIM ACTIVITIES

YEAR	IUR	INITIAL CLAIMS	NEW CLAIMS	WEEKS CLAIMED	WAITING WEEKS CLAIMED
1992	4.1%	1,309,961	678,298	10,167,050	577,118
1993	3.4	1,072,969	595,600	8,525,718	492,604
1994	3.4	1,136,370	619,189	8,807,115	538,926
1995	3.3	1,229,122	628,771	8,627,578	549,288
1996	3.3	1,218,496	618,255	8,711,731	497,917
1997	2.8	1,101,409	569,514	7,615,908	502,559
1998	2.7	1,138,641	567,585	7,312,502	493,259
1999	2.6	1,036,558	535,309	7,099,459	494,849
2000	2.4	983,951	538,767	6,882,190	495,799
2001	3.3	1,309,511	707,974	9,269,080	664,459
2002	3.9	1,314,267	716,947	10,843,412	709,960
2003	4.0	1,341,118	726,556	11,205,336	697,212
2004	3.4	1,177,499	640,967	9,515,424	605,155
2005	3.1	1,148,256	614,444	8,728,555	570,225
2006	3.0	1,176,669	596,054	8,496,746	574,111
2007	3.0	1,250,506	621,639	8,535,079	590,835
2008	3.5	1,445,344	747,708	10,102,236	702,410
2009	6.1	2,026,055	962,106	17,099,144	963,009
2010	4.9	1,577,833	806,635	13,763,953	795,540
2011	4.2	1,469,617	777,119	11,875,753	729,762

DEFINITIONS FOR UC PAYMENT ACTIVITIES

First Payments

First benefit payment a claimant receives for a week of unemployment in a benefit year.

Final Payments

Number of claimants drawing the final payment of their original entitlement in a benefit year under the regular state UC program.

Weeks Paid

The number of weeks claimed for which UC benefits are paid. Weeks compensated for partial unemployment are included.

Net Benefits Paid

Net amount withdrawn from the UC Trust Fund to pay regular state UC benefits. Includes adjustments to original amounts paid such as returned and redeposited payments.

Average Weekly Benefit Amount

The average weekly benefit amount is the benefits paid for total unemployment during the year divided by the number of weeks for which benefits were paid (weeks compensated for total unemployment). Payments for partial unemployment are excluded from both numerator and denominator.

Average Duration

Average number of regular UC weeks paid per claimant for a given time period - calculated by dividing the number of weeks compensated by the number of first payments.

UNEMPLOYMENT COMPENSATION PAYMENT ACTIVITIES

YEAR	FIRST PAYMENTS	EXHAUSTIONS	WEEKS PAID	NET BENEFITS PAID	AVERAGE WEEKLY BENEFIT AMOUNT ²	AVERAGE DURATION IN WEEKS
1992	517,810	194,509	9,329,271	\$1,723,938,000	\$200.92	18.0
1993	434,761	166,111	7,751,530	1,493,693,000	210.41	17.8
1994	470,271	154,824	8,008,853	1,556,280,000	211.95	17.0
1995	479,269	133,540	7,832,627	1,573,785,000	219.48	16.3
1996	467,434	135,550	7,830,542	1,602,333,000	219.08	16.8
1997	429,874	111,217	6,881,145	1,429,864,000	227.50	16.0
1998	418,539	104,690	6,516,439	1,417,968,000	237.77	15.6
1999	402,078	102,613	6,328,215	1,450,836,000	250.56	15.7
2000	396,227	96,622	6,019,988	1,463,846,000	264.76	15.2
2001	545,596	128,679	8,178,922	2,128,215,000	281.52	15.0
2002	560,805	197,968	9,681,140	2,639,703,000	291.06	17.3
2003	566,022	212,711	10,095,011	2,686,940,000	291.84	17.8
2004	486,975	165,590	8,429,492	2,272,460,000	293.61	17.3
2005 ¹	461,257	139,872	7,671,548	2,039,148,000	291.89	16.6
2006 ¹	447,066	133,827	7,346,051	2,030,681,000	301.27	16.4
2007	461,807	131,934	7,458,854	2,149,766,000	322.93	16.2
2008	562,343	166,335	9,035,608	2,754,579,000	335.40	16.1
2009	782,870	355,542	15,354,988	4,828,715,000	352.16	19.6
2010 ¹	587,347	295,647	11,724,613	3,606,521,000	337.91	19.9
2011 ¹	530,009	228,135	9,909,169	3,023,271,000	335.18	18.7

¹ The benefits paid and average weekly benefit amount include the benefit reduction that was in effect that year.

² The average weekly benefit amount calculation does not include partial payments.

DEFINITIONS FOR UC NONMONETARY DETERMINATIONS

Nonmonetary Determinations

Decisions relative to a claimant's nonfinancial eligibility for UC benefits - includes such issues as voluntary quit, fired for misconduct, and able and available for work. Employers or claimants may appeal adverse determinations.

UNEMPLOYMENT COMPENSATION NONMONETARY DETERMINATIONS

YEAR	TOTAL	INELIGIBLE	ELIGIBLE
1992	402,679	105,534	297,145
1993	362,225	95,459	266,766
1994	388,006	104,127	283,879
1995	396,162	109,715	286,447
1996 ¹	507,641	179,673	327,968
1997 ¹	624,074	281,634	342,440
1998 ¹	546,432	249,510	296,922
1999 ¹	470,807	219,703	251,104
2000 ¹	389,187	194,454	194,733
2001	375,761	167,541	208,220
2002	382,176	214,937	167,239
2003	410,574	232,727	177,847
2004	436,097	251,112	184,985
2005	331,430	155,630	175,800
2006	319,658	134,318	185,340
2007	308,011	124,349	183,662
2008	280,859	115,229	165,630
2009	321,513	131,324	190,189
2010	320,666	130,259	190,407
2011	332,297	141,647	190,650

¹ Includes additional categories of nonmonetary determinations pertaining primarily to the establishment of overpayments and penalty weeks not counted in other years. The majority of these determinations are ineligible.

DEFINITIONS FOR EMPLOYER CONTRIBUTION FACTORS

Taxable Wage Base

Maximum amount of an employee's annual wages subject to employer state UC taxes - the wage base must be no less than the federal minimum tax base (FUTA) of \$7,000 effective starting in 1983.

Average Tax Rate

Average rate at which UC taxes are payable. Calculated by dividing total UC contributions due by taxable wages - excludes contributions from employees and reimbursable employers.

Portion Experience Rated

Portion of employer taxes that is based on the employer's experience with unemployment. Calculated as the ratio of the average tax rate minus any flat tax to the average tax rate.

Portion Not Experience Rated

Portion of employer taxes that is not based on the employer's experience with unemployment. Calculated as the ratio of any flat tax to the average tax rate.

EMPLOYER CONTRIBUTION FACTORS

YEAR	TAXABLE WAGE BASE	AVERAGE TAX RATE	BREAKDOWN OF AVERAGE TAX RATE	
			PORTION	PORTION NOT
			EXPERIENCE RATED	EXPERIENCE RATED
1992	\$8,000	3.81% ¹	57%	43%
1993	8,000	4.83 ²	51	49
1994	8,000	4.99 ²	52	48
1995	8,000	4.78 ²	55	45
1996	8,000	4.16 ³	59	41
1997	8,000	3.95	62	38
1998	8,000	3.84	61	39
1999	8,000	3.78 ⁴	62	38
2000	8,000	3.72 ⁴	61	39
2001	8,000	3.66 ⁴	60	40
2002	8,000	3.70 ⁴	61	39
2003	8,000	4.22 ⁵	61	39
2004	8,000	5.07 ⁶	57	43
2005	8,000	5.43 ⁷	56	44
2006	8,000	5.39 ⁷	56	44
2007	8,000	5.01 ⁶	56	44
2008	8,000	4.67 ⁸	58	42
2009	8,000	4.64 ⁸	57	43
2010	8,000	5.61 ⁹	64	43
2011	8,000	6.54 ¹⁰	60	43

¹ Tax rate for 1992 includes a positive 4.0 percent surcharge.

² Tax rates for 1993, 1994, and 1995 include a positive 9.3 percent surcharge. The additional tax for 1993 and 1994 is 0.5 percent and for 1995 is 0.25 percent.

³ Tax rate for 1996 includes a positive 4.7 percent surcharge.

⁴ The tax rate for 1999, 2000, 2001 and 2002 includes a negative 1.4 percent surcharge.

⁵ The tax rate for 2003 includes a positive 3.6 percent surcharge.

⁶ The tax rate for 2004 and 2007 includes a positive 7.2 percent surcharge and 0.4 percent additional tax.

⁷ The tax rate for 2005 and 2006 includes a positive 7.2 percent surcharge and 0.6 percent additional tax.

⁸ The tax rates for 2008 and 2009 include a positive 5.8 percent surcharge and a 0.25 percent additional tax.

⁹ The tax rate for 2010 includes a positive 5.8 percent surcharge and a 0.65 percent additional tax.

¹⁰ The tax rate for 2011 includes a positive 5.8 percent surcharge, a 0.65 percent additional tax, and a 0.44 percent interest tax.

DEFINITIONS FOR SUMMARY OF TAX RATES BY INDUSTRY

Major Sector

Primary activity of covered employers based on the grouping according to the 2012 edition of the "North American Industry Classification System".

Number of Contributory Employers

Number of taxable employers subject to the Pennsylvania UC Law.

Average Tax Rate

Average tax rate derived by dividing taxable payroll by contributions due.

Total Payroll

Total wages paid by contributory employers who are subject to the Pennsylvania UC Law.

Taxable Payroll

Amount of wages subject to UC taxes - these are wages paid by contributory employers, up to the taxable wage base for each employee. Since 1984, the taxable wage base has been \$8,000.

Contributions Due

Total amount due to the UC Trust Fund from contributory employers.

SUMMARY OF TAX RATES BY INDUSTRY FOR 2011 (DOLLARS IN MILLIONS)

MAJOR SECTOR	NUMBER CONTRIBUTORY EMPLOYERS	AVERAGE TAX RATE	TOTAL PAYROLL	TAXABLE PAYROLL	CONTRIBUTIONS DUE
Natural Resources and Mining	2,858	5.8%	\$3,137	\$581	\$34
Construction	27,668	9.1	12,228	2,625	240
Manufacturing	13,541	7.6	34,703	5,425	414
Trade, Transportation and Utilities	55,318	5.9	33,223	7,702	452
Information	3,022	7.1	9,835	1,965	140
Financial Activities	17,431	7.6	5,974	833	64
Professional and Business Services	48,370	6.2	22,090	2,904	179
Education and Health Services	47,021	7.0	39,147	6,425	452
Leisure and Hospitality	25,814	5.4	20,009	4,519	242
Other Services	27,669	5.5	9,160	4,104	227
Local Government	999	5.2	4,504	1,313	68
TOTAL	269,710	6.5%	\$194,010	\$38,396	\$2,512

NOTE: Industry details may not add to totals due to rounding. In addition, information regarding the industry classification of some employers was not available.

DEFINITIONS FOR COVERED EMPLOYMENT AND WAGES

Active Employers

Employers who either are subject to or voluntarily elect to be covered under the provisions of the Pennsylvania UC Law.

Average Covered Employment

Twelve-month average number of employees working for employers covered under the Pennsylvania UC Law.

Total Wages

Amount of annual wages paid to all employees in covered employment.

Taxable Wages

Amount of wages subject to UC taxes - these are wages paid by contributory employers, up to the taxable wage base for each employee. Since 1984, the taxable wage base has been \$8,000.

COVERED EMPLOYMENT AND WAGES

YEAR	ACTIVE EMPLOYERS ¹	AVERAGE COVERED EMPLOYMENT	TOTAL WAGES	TAXABLE WAGES
1992	234,355	4,819,071	\$123,163,218,565	\$31,285,680,530
1993	233,948	4,858,713	126,453,677,063	31,574,695,981
1994	234,182	4,923,717	131,501,351,196	32,326,625,150
1995	236,746	4,986,418	137,994,113,987	32,839,723,690
1996	236,726	5,046,174	144,910,231,319	33,664,898,315
1997	238,308	5,158,118	154,383,264,744	34,854,248,991
1998	246,154	5,253,652	164,800,517,598	36,290,518,613
1999	250,367	5,345,921	173,807,881,592	37,343,375,939
2000	271,105	5,443,618	184,042,135,595	38,648,909,978
2001	285,068	5,442,944	189,076,552,731	38,418,405,066
2002	271,352	5,396,047	191,748,701,127	37,612,959,735
2003	271,560	5,363,633	196,855,782,949	37,239,889,015
2004	270,216	5,390,750	206,119,193,758	37,766,495,714
2005	271,101	5,446,514	214,210,346,757	38,291,369,992
2006	270,514	5,502,645	225,612,061,613	38,839,811,010
2007	273,513	5,549,120	237,997,366,817	39,556,490,803
2008	275,065	5,554,566	244,561,264,585	39,345,958,986
2009	273,171	5,363,287	238,327,258,507	36,878,066,196
2010	271,846	5,362,687	243,186,797,577	37,298,262,921
2011	276,466	5,432,412	253,351,180,050	38,471,034,196

¹ Includes contributory and reimbursable employers.

DEFINITIONS FOR UC SOLVENCY TRIGGER MEASURES

Solvency Percentage

The solvency percentage is calculated on July 1 of each year and is defined as the UC Trust Fund balance ending June 30 divided by the average benefit cost for the three fiscal years ending the same date multiplied times one-hundred. The solvency percentage determines the trigger level that in turn establishes the solvency measures to be used in the following calendar year.

Employer Surcharge

Assessed on an employer's contributions due for a calendar year at a rate established by the solvency trigger level - the surcharge is not assessed on employer reimbursable contributions due and employer solvency additional contributions.

Employer Additional Contribution Tax

Added on to an employer's assigned calendar year tax rate at a rate established by the solvency trigger level - the additional tax is not assigned to new contributory employers and reimbursable employers-the tax is not subject to the employer surcharge solvency measure.

Employee Tax

Assessed on the calendar year gross wages of all employees covered under the state's Unemployment Compensation Law at a rate established by the solvency trigger level.

Benefit Reduction

All weekly benefit rates during a calendar year are reduced at a rate established by the solvency trigger level.

UNEMPLOYMENT COMPENSATION SOLVENCY TRIGGER MEASURES (DOLLARS IN MILLIONS)

YEAR ¹	SOLVENCY PERCENTAGE ²	EMPLOYER SURCHARGE		EMPLOYER ADDITIONAL TAX		EMPLOYEE TAX		BENEFIT REDUCTION	
		RATE	AMOUNT DUE ³	RATE	AMOUNT DUE ³	RATE	AMOUNT DUE ³	RATE	REDUCTION
1992	69%	4.0%	\$46	None	\$0	0.05%	\$62	None	\$0
1993	64	9.3	116	0.50%	156	0.15	190	None	0
1994	83	9.3	124	0.50	160	0.15	197	None	0
1995	120	9.3	127	0.25	81	0.11	152	None	0
1996	126	4.7	63	None	0	0.03	43	None	0
1997	145	None	0	None	0	None	0	None	0
1998	164	None	0	None	0	None	0	None	0
1999	182	-1.4	-20	None	0	None	0	None	0
2000	201	-1.4	-20	None	0	None	0	None	0
2001	184	-1.4	-20	None	0	None	0	None	0
2002	122	-1.4	-20	None	0	None	0	None	0
2003	58	3.6	55	None	0	0.02	39	None	0
2004	32	7.2	119	0.40	142	0.09	186	None	0
2005	43	7.2	125	0.60	215	0.09	193	2.3%	51
2006	69	7.2	126	0.60	219	0.09	203	2.3	52
2007	85	7.2	123	0.40	149	0.09	214	None	0
2008	80	5.8	96	0.25	93	0.06	147	None	0
2009	8	5.8	89	0.25	87	0.06	143	None	0
2010	20	5.8	102	0.65	230	0.08	195	2.3	86
2011	29	5.8	116	0.65	236	0.08	203	2.3	72

¹ The Unemployment Compensation (UC) Law was amended in 1988 to include an UC solvency trigger mechanism. The first solvency percentage calculation occurred in 1989.

² Solvency percentage activates solvency measures for the following calendar year. The 1989 solvency measures were fixed by the Unemployment Compensation Law.

³ Amount of contributions due for the calendar year. Actual receipts during the year may differ as a result of contributions due for a quarter being received in the subsequent quarter.

DEFINITIONS FOR TRUST FUND SUMMARY

Contributions Deposited

Payments made to the state's UC Trust Fund by employers and employees subject to Pennsylvania's UC Law. Includes contributions from employers who submit quarterly contributions to the UC Trust Fund based on their tax rate and taxable wages - included are all businesses for profit, and all nonprofit associations or local governments who do not elect to be reimbursable employers. Also includes reimbursements from employers who repay the UC Trust Fund dollar for dollar for benefits paid to former employees - included are state government agencies, nonprofit associations and local governments who elect this method of financing their UC costs. Contributions from the employee tax (from the solvency trigger mechanism) are also included.

Net Benefits Paid

Net amount withdrawn from the UC Trust Fund to pay regular state UC benefits. Includes adjustments to original amounts paid such as returned and redeposited payments.

Unemployment Compensation Trust Fund Balance

Cash balance in the UC Trust Fund at the end of the calendar year. Includes Title XII federal loans.

Title XII Federal Loan Balance

Total outstanding amount of federal loans at the end of the calendar year.

UNEMPLOYMENT COMPENSATION TRUST FUND SUMMARY

YEAR	EMPLOYER AND EMPLOYEE CONTRIBUTIONS DEPOSITED ¹	NET BENEFITS PAID ²	UNEMPLOYMENT COMPENSATION TRUST FUND BALANCE ³	TITLE XII FEDERAL LOAN BALANCE
1992	\$1,271,402,000	\$1,723,938,000	\$783,474,000	\$0
1993	1,718,388,000	1,493,693,000	1,071,404,000	0
1994	1,879,618,000	1,556,280,000	1,491,261,000	0
1995	1,842,669,000	1,573,785,000	1,879,920,000	0
1996	1,589,414,000	1,602,333,000	2,002,263,000	0
1997	1,483,977,000	1,429,864,000	2,199,308,000	0
1998	1,471,416,000	1,417,968,000	2,410,055,000	0
1999	1,469,814,000	1,450,836,000	2,596,412,000	0
2000	1,490,359,000	1,463,846,000	2,802,479,000	0
2001	1,458,548,000	2,128,215,000	2,314,313,000	0
2002	1,465,332,000	2,639,703,000	1,710,128,000	0
2003	1,690,395,000	2,686,940,000	761,931,000	0
2004	2,136,803,000	2,272,460,000	613,986,000	0
2005	2,374,444,000	2,039,148,000	980,813,000	0
2006	2,426,901,000	2,030,681,000	1,383,464,000	0
2007	2,348,476,000	2,149,766,000	1,545,652,000	0
2008	2,171,544,000	2,754,579,000	981,162,000	0
2009	2,084,405,000	4,828,715,000	116,777,000	1,871,458,000
2010	2,476,501,000	3,606,521,000	94,082,000	3,008,615,000
2011	2,786,242,000	3,023,271,000	40,007,000	3,234,745,000

¹ Liability for employee contributions occurred from January 1984 through 1988, January 1992 through 1996 and January 2003 through 2009. Revenue received from 1989-1991 and from 1997-2002 pertains to residual activity from prior years in which liability was effective.

² Net amount withdrawn from the UC Trust Fund to pay benefits. Includes adjustments to original amounts paid such as returned and redeposited payments.

³ Reflect Trust Fund balances as of December 31 and include Title XII loans.

DEFINITIONS FOR EXTENDED AND EMERGENCY UNEMPLOYMENT COMPENSATION CLAIM ACTIVITIES AND NONMONETARY DETERMINATIONS

Initial Claims

Notices of continued unemployment or separation from employment filed in the state's local offices by individuals who have received their maximum benefit entitlement for UC

New Claims

Type of initial claim representing an individual's first request for extended benefits, EUC, or TEUC from which a determination of eligibility results.

Weeks Claimed

Requests for benefits filed by claimants which certify to the fact the claimants experienced total, partial, or part total unemployment for given weeks (includes waiting weeks claimed and requests subsequently denied).

Nonmonetary Determinations

Decisions relative to a claimant's non-financial eligibility for UC benefits - includes such issues as voluntary quit, fired for misconduct, and able and available for work- employers or claimants may appeal adverse determinations.

EXTENDED BENEFITS CLAIM ACTIVITIES AND NONMONETARY DETERMINATIONS

YEAR ¹	INITIAL CLAIMS	NEW CLAIMS	WEEKS CLAIMS	NONMONETARY DETERMINATIONS		
				TOTAL	INELIGIBLE	ELIGIBLE
2009	159,794	156,539	1,258,658	3,597	2,380	1,217
2010	162,009	156,782	1,218,263	5,226	2,420	2,806
2011	198,506	188,002	1,527,637	7,176	3,244	3,932

¹ The Extended Benefits (EB) period began on February 15, 2009. Data include UC, UCFE, and UCX claims and determinations.

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION CLAIM ACTIVITIES AND NONMONETARY DETERMINATIONS

YEAR ¹	INITIAL CLAIMS	NEW CLAIMS	WEEKS CLAIMS	NONMONETARY DETERMINATIONS		
				TOTAL	INELIGIBLE	ELIGIBLE
2002	314,921	278,559	2,784,923	20,375	9,477	10,898
2003	329,190	286,850	3,031,335	44,709	30,414	14,014
2004	11,621	5,277	338,969	23,428	16,579	6,849
2005	2,101	2,005	141	498	354	144
2006	42	0	1	79	51	28
2007	57	0	0	29	20	9

¹ Temporary Extended Unemployment Compensation (TEUC) period began during week of March 17, 2002 and ended April 3, 2004. TEUC for displaced airline and related industry workers ended January 1, 2005. Data include UC, UCFE, and UCX claims and determinations.

EMERGENCY UNEMPLOYMENT COMPENSATION CLAIM ACTIVITIES AND NONMONETARY DETERMINATIONS

YEAR ¹	INITIAL CLAIMS	NEW CLAIMS	WEEKS CLAIMS	NONMONETARY DETERMINATIONS		
				TOTAL	INELIGIBLE	ELIGIBLE
EUC 1991						
1991	76,930	76,930	330,630 ²	1,351	432	919
1992	412,192	322,314	5,192,764	64,156	15,637	48,519
1993	541,866	337,311	5,152,268	106,238	24,326	81,912
1994	85,273	28,769	680,658	33,951	6,725	27,226
EUC 2008						
2008	208,716	183,601	1,761,127	11,921	5,717	6,204
2009	416,051	345,927	7,679,747	20,045	9,039	11,006
2010	327,193	240,956	12,239,635	21,082	9,273	11,809
2011	309,920	208,168	8,649,839	47,611	23,232	24,379

¹ An Emergency Unemployment Compensation period (EUC 1991) began during the week of November 23, 1991. The last payable week for EUC 1991 was the week ending on April 30, 1994. Another EUC period (EUC 2008) began during the week of July 12, 2008. Data include UC, UCFE, and UCX claims and determinations.

² Estimated

DEFINITIONS FOR EXTENDED BENEFITS, TEMPORARY EXTENDED AND EMERGENCY UNEMPLOYMENT COMPENSATION PAYMENT ACTIVITIES

First Payment

First extended benefit, EUC, or TEUC payment claimants receive for a week of unemployment.

Final Payment

Last extended benefit, EUC, or TEUC payment claimants receive for a week of unemployment, which exhausts their extended benefit or EUC entitlement.

Weeks Paid

Extended benefit, EUC, or TEUC weeks claimed which were paid to eligible claimants upon certification that UC qualifying unemployment was experienced during given weeks.

Benefits Paid

Benefits paid to individuals under the extended benefits, EUC, or TEUC programs.

Average Payment

The amount of extended benefits, EUC, or TEUC paid for total unemployment during the year divided by the number of weeks for which benefits were paid (weeks compensated for total unemployment). Payments for partial unemployment are excluded from both numerator and denominator.

Average Duration

Average number of weeks of extended benefits, EUC, or TEUC paid per claimant - calculated by dividing the number of weeks paid by the number of first payments.

EXTENDED BENEFIT PAYMENT ACTIVITIES

YEAR ¹	FIRST PAYMENTS	FINAL PAYMENTS	WEEKS PAID	BENEFITS PAID	AVERAGE WEEKLY BENEFIT AMOUNT	AVERAGE DURATION IN WEEKS
2009	84,973	75,364	1,327,832	\$422,330,759	\$322.33	15.6
2010	86,621	48,581	1,371,190	455,389,873	338.64	15.8
2011	103,528	57,190	1,720,157	583,914,988	346.63	16.6

¹ The Extended Benefits (EB) period began on February 15, 2009. Data include UC, UCFE, and UCX.

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION PAYMENT ACTIVITIES

YEAR ¹	FIRST PAYMENTS	FINAL PAYMENTS	WEEKS PAID	BENEFITS PAID	AVERAGE WEEKLY BENEFIT AMOUNT	AVERAGE DURATION IN WEEKS
2002	214,001	110,219	2,755,681	\$779,026,456	\$282.70	12.9
2003	200,904	171,819	3,015,761	845,002,582	280.20	15.0
2004	6,380	36,866	348,266	95,512,355	274.25	N/A

¹ Temporary Extended Unemployment Compensation (TEUC) period began during week of March 17, 2002 and ended April 3, 2004. TEUC for displaced airline and related industry workers ended January 1, 2005. Data include payments for UC, UCFE, and UCX.

TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION PAYMENT ACTIVITIES

YEAR ¹	FIRST PAYMENTS	FINAL PAYMENTS	WEEKS PAID	BENEFITS PAID	AVERAGE WEEKLY BENEFIT AMOUNT	AVERAGE DURATION IN WEEKS
EUC 1991						
1991	75,371	0	271,949	\$52,049,733	\$191.40	3.6
1992	232,412	72,307	5,167,281	986,242,398	190.86	22.2
1993	259,655	169,533	5,250,899	1,014,625,298	193.23	20.2
1994	27,465	62,362	719,399	129,990,652	180.69	26.2
EUC 2008						
2008	143,556	43,992	1,691,947	529,118,048	318.87	11.8
2009	593,062	346,007	7,687,253	2,517,699,653	334.32	13.0
2010	1,114,067	985,212	12,521,187	4,176,346,738	340.47	11.2
2011	615,576	525,817	8,433,988	2,782,242,718	338.21	13.7
2011						
Tier I	187,148	167,965	3,674,332	\$1,213,806,423	\$340.56	19.6
Tier II	177,242	156,758	2,346,521	772,867,786	337.27	13.2
Tier III	166,211	151,045	2,046,872	676,853,279	335.99	12.3
Tier IV	84,975	50,049	366,263	118,715,230	333.37	4.3

¹ An Emergency Unemployment Compensation period (EUC 1991) began during the week of November 23, 1991. The last payable week for EUC 1991 was the week ending on April 30, 1994. Another EUC period (EUC 2008) began during the week of July 12, 2008. Data include payments for UC, UCFE, and UCX.

DEFINITIONS FOR POPULATION AND LABOR FORCE DATA

Total Population

Total number of Pennsylvania residents.

Civilian Labor Force

Twelve month average number of Pennsylvania residents who are classified by the U.S. Bureau of the Census as either employed or unemployed.

Total Resident Employment

Twelve month average number of civilian Pennsylvania residents, 16 years old and older, who are either working or on a paid absence from work – resident employment is derived from a monthly survey of a sample of Pennsylvania households by the U.S. Bureau of the Census.

Total Unemployment

Twelve month average number of Pennsylvania residents, 16 years old and older, who are not working but are looking for work or are waiting to report to a new job within 30 days - total unemployment is derived from a monthly survey of a sample of Pennsylvania households by the U.S. Bureau of the Census.

Total Unemployment Rate (TUR)

The percentage of individuals unemployed in the civilian labor force defined as the number of individuals 16 years of age or older who do not have a job but are available for work and actively seeking work including individuals on layoff and waiting to report to a new job within 30 days, divided by the number of persons in the civilian labor force – the civilian labor force is the sum of the number of individuals who are either employed or unemployed.

POPULATION AND LABOR FORCE DATA (IN THOUSANDS)

YEAR	TOTAL POPULATION ¹	LABOR FORCE ²	RESIDENT EMPLOYMENT ²	RESIDENT UNEMPLOYMENT ²	UNEMPLOYMENT RATE ²
1991	11,982	5,842	5,437	405	6.9%
1992	12,049	5,910	5,455	454	7.7
1993	12,120	5,923	5,504	419	7.1
1994	12,166	5,903	5,530	373	6.3
1995	12,198	5,900	5,554	346	5.9
1996	12,220	5,988	5,662	326	5.4
1997	12,228	6,086	5,775	311	5.1
1998	12,246	6,068	5,788	281	4.6
1999	12,264	6,078	5,810	268	4.4
2000	12,287	6,086	5,831	255	4.2
2001	12,296	6,186	5,874	293	4.8
2002	12,322	6,218	5,869	349	5.6
2003	12,351	6,145	5,796	349	5.7
2004	12,377	6,197	5,860	337	5.4
2005	12,405	6,270	5,958	312	5.0
2006	12,441	6,309	6,022	286	4.5
2007	12,433	6,330	6,055	275	4.3
2008	12,448	6,441	6,099	342	5.3
2009	12,605	6,414	5,895	519	8.1
2010	12,702	6,340	5,791	549	8.7
2011	12,743	6,386	5,879	507	7.9
2011					
JAN	N/A	6,366	5,813	552	8.7
FEB	N/A	6,346	5,800	546	8.6
MAR	N/A	6,351	5,828	523	8.2
APR	N/A	6,339	5,862	477	7.5
MAY	N/A	6,389	5,887	501	7.8
JUN	N/A	6,430	5,900	530	8.2
JUL	N/A	6,445	5,909	536	8.3
AUG	N/A	6,434	5,907	528	8.2
SEP	N/A	6,395	5,912	482	7.5
OCT	N/A	6,395	5,917	478	7.5
NOV	N/A	6,377	5,911	466	7.3
DEC	N/A	6,363	5,900	464	7.3

¹ The 1990, 2000 and 2010 data reflect actual U.S. Bureau of the Census counts. For all other years, data reflect mid-year statistics provided by the U.S. Bureau of the Census.

² Monthly data are not seasonally adjusted. Annual data are twelve-month averages while monthly data are mid-month estimates. Data may not add to totals due to rounding. Pennsylvania labor force statistics reflect March 1, 2012 revision.



*Auxiliary aids and services are available upon request to individuals with disabilities.
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