

Actuarial Evaluation 2013

Financial Operations of the
Pennsylvania Unemployment Compensation Program



Commonwealth of Pennsylvania
Tom Corbett, Governor



Department of Labor & Industry
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INTRODUCTION

The 2013 Actuarial Evaluation of the Financial Operations of the Pennsylvania Unemployment Compensation (UC) Program is issued pursuant to Section 204.1 of the Pennsylvania UC law as amended July 1985. The projections contained in this report are based on the January 2014 Global Insight Baseline Forecast of economic activity.

The report provides analyses of Pennsylvania's UC Trust Fund activity for 2013 and a forecast for 2014 through 2016. The forecast incorporates the UC solvency mechanism provided for by the 1988 UC law amendments and an impact analysis of the mechanism on the UC Trust Fund cash flow. Highlights of the analyses and an overview of the economic forecasts and methodologies used to estimate UC activity are provided in the report.

Tables contained within this report provide detailed information and data on the January 2014 Global Insight Baseline Forecast used to project UC Trust Fund activity. The statistical appendix contains tables pertinent to Pennsylvania's UC program. Definitions of terms used on the tables in the statistical appendix appear on the page preceding each table.

HIGHLIGHTS

Pennsylvania's economy gained some momentum over the last year, as employment grew and the unemployment rate declined. Average resident employment rose from 5.97 million in 2012 to 6.01 million in 2013. The statewide average annual unemployment rate fell from 7.9 percent in 2012 to 7.5 percent in 2013. In comparison to pre-recession levels, Pennsylvania's average annual unemployment rate was 4.4 percent and average resident employment was 6.05 million in 2007.

In 2013, UC Trust Fund revenues exceeded benefit payments for the second year in a row. The Trust Fund is projected to continue to move toward solvency through 2016, benefitting from improving economic conditions as forecasted and the reforms of Act 6 of 2011 and Act 60 of 2012 that addressed the structural imbalance between benefit payments and revenues.

In 2013, additional weeks of benefits were available through the federally-funded Emergency UC (EUC) program for qualified claimants who exhausted regular UC benefits. This program, which provided additional benefits to claimants in response to elevated rates of unemployment, started in July 2008 and ended Dec. 28, 2013.

Here are UC program highlights from 2013 and projections for 2014-2016:

Pennsylvania UC Law Changes

- Act 34 of 2013 established a new fund known as the Service and Infrastructure Improvement Fund (SIIF) to supplement federal funding by allocating a portion of annual employee contributions for use in improving the quality, efficiency and timeliness of services provided to UC claimants.
- Act 75 of 2013 reformed UC law by prohibiting UC benefit eligibility for individuals who voluntarily leave employment to preserve pension eligibility, exempting summer camps from UC coverage, and making changes to ensure compliance with federal law.

Benefit Costs

- Annual UC benefit costs decreased for the fourth consecutive year, from \$2.86 billion in 2012 to \$2.55 billion in 2013. Benefit costs are projected to continue to fall to \$2.44 billion in 2014, \$2.34 billion in 2015, and \$2.25 billion in 2016.
- Due to changes to Pennsylvania's UC 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 1.7 percent benefit reduction decreased benefit costs by \$44 million in 2013. In 2014 through 2016, the benefit reduction will remain at 1.7 percent. The forecast amount of the reduction is \$42 million in 2014, \$40 million in 2015, and \$39 million in 2016.

Employer and Employee Contributions

- The estimated average UC tax rate for employers is projected to decrease from 6.6 percent in 2013 to 6.2 percent in 2014, to 6.1 percent in 2015, and to 6 percent in 2016.
- Employers paid a 5.1 percent surcharge and a 0.65 percent additional tax in 2013. Both rates will remain the same for 2014 through 2016. These solvency measures generated \$355 million in 2013, and are forecast to generate \$359 million for 2014, \$376 million for 2015, and \$400 million for 2016.
- An employee solvency tax of 0.07 percent was in effect for 2013 and will continue in effect through 2016. Contributions due from employees were \$189 million in 2013 and are forecast to be \$197 million in 2014, \$207 million in 2015 and \$217 million in 2016.
- Total UC employer and employee contributions deposited into the Trust Fund are projected to decrease from \$2.65 billion in 2013 to \$2.60 billion in 2014, and then increase to \$2.64 billion in 2015 and \$2.76 billion in 2016.

UC Bonds and Federal Loans

- As provided by Act 60 of 2012, Pennsylvania issued UC bonds in October 2012 with a total par value of \$2.83 billion, generating \$3.24 billion in bond proceeds to cover the outstanding UC debt.
- The interest cost for the bond issue was 1.29 percent, compared to interest rates of 2.94 percent in 2012 and 2.58 percent in 2013 charged on federal loans.
- Pennsylvania redeemed \$157 million and \$98 million of the total \$2.83 billion par value on July 1, 2013 and Jan. 1, 2014, respectively, reducing the outstanding bond balance to \$2.57 billion on Jan. 1, 2014.
- From January 2013 through April 2013, Pennsylvania obtained a total of \$524 million in federal cash flow loans that were repaid in June 2013 without incurring interest charges, since they were repaid before the end of the federal fiscal year (Sept. 30) and no additional loans were required before Dec. 31, 2013.
- The UC Trust Fund balance at the end of 2013 was \$263 million.

Emergency UC (EUC) Program

- Approximately 253,000 Pennsylvania UC claimants collected \$1.5 billion in EUC in 2013.
- At the start of 2013, 37 weeks of EUC (Tiers 1-3) were available.
- In January 2013, the President signed the “*American Taxpayer Relief Act of 2012*,” which extended EUC benefits and 100 percent federal funding for EB through December 2013.

PENNSYLVANIA UC LAW CHANGES

In 2013, the Governor signed two pieces of legislation that amended UC law. Act of July 2, 2013, P.L. 195, No. 34 (“Act 34”) provided for supplemental funding of UC services and Act of Oct. 23, 2013, P.L. 637, No. 75 (“Act 75”) made changes to prohibit UC eligibility for individuals who voluntarily leave employment to preserve pension eligibility, exempt full-time students working at summer camp from UC coverage, and align certain provisions of state UC law with federal law.

Act 34 of 2013

This act established a new fund known as the Service and Infrastructure Improvement Fund (SIIF) to supplement federal funding with a portion of the existing employee tax contribution. Act 34 directs a portion of annual employee contributions for use in improving the quality, efficiency and timeliness of services provided by the UC system to individuals claiming UC, including claim filing, claim administration, adjudication services and staffing and training of system employees. Other purposes for the SIIF include covering expenditures for information management technology, communications technology, and other infrastructure components deemed necessary by the secretary of Labor & Industry which will result in significant and lasting improvements to the UC system.

For each calendar year from 2013 through 2016, an amount determined by the secretary of Labor & Industry and approved by the governor will be deposited into SIIF, as follows:

- Calendar Year 2013 - An amount not to exceed \$40 million
- Calendar Year 2014 – An amount not to exceed \$30 million
- Calendar Years 2015 and 2016 – An amount not to exceed \$190 million, adjusted by the increase in the Bureau of Labor Statistics Consumer Price Index, for the period May 2013 through January of the calendar year, less the amount of federal administrative funding for the preceding federal fiscal year

Act 75 of 2013

Act 75 prohibits UC benefit eligibility for individuals who voluntarily leave employment to prevent a reduction in their pension benefits. Prior to this act, as a reimbursable employer, the commonwealth paid for UC benefits for annuitants. The passage of this legislation is estimated to save the commonwealth’s General Fund approximately \$1 million annually. This change applies to benefit years beginning on or after Oct. 23, 2013.

This act also exempts work performed by full-time students employed by children’s overnight camps or summer day camps from UC coverage. By excluding full-time students in the employ of organized camps from being defined as employees for the collection of UC taxes, revenue to the UC Trust Fund is estimated to be reduced by less than \$200,000 annually. This change applies to services performed on or after Oct. 23, 2013.

In addition, Act 75 incorporates the following changes to the UC law which are required by the U.S. Department of Labor:

- Amends benefit charging provisions to conform to federal requirements that states charge employers for UC that is paid to a claimant because an employer did not respond to the state's request for eligibility-related information, or responded inadequately or late (applies to overpayments established on and after Oct. 21, 2013)
- Adds a subsection on reciprocal agreements to comply with federal law which requires a state to recover other states' and federal program overpayments from its benefit payments (effective Oct. 23, 2013)
- Adds a subsection on claimant fraud to comply with federal law which requires that when an overpayment is established and the state determines the claimant committed fraud, the state must impose a penalty equal to 15 percent of the overpayment (applicable to overpayments established on and after Oct. 21, 2013)
- Amends Article XIII (Shared-Work Program) to comply with federal requirements for shared-work plans and removes the five-year expiration date of the program (effective Jan. 21, 2014)

2013 IN REVIEW

Economic Performance

In 2013, Pennsylvania's economy showed modest signs of recovery. Average annual nonagricultural jobs in the state increased to 5.76 million, a year-over-year gain of 26,100 jobs. Goods-producing jobs fell by 1,100, while service-providing jobs increased by 27,200 in 2013.

Total Unemployment Rate (TUR)

In 2013, Pennsylvania's average total unemployment rate (TUR) was 7.5 percent, down from 7.9 percent in 2012. 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.

Employment in Pennsylvania increased from 5.97 million in 2012 to 6.01 million in 2013, while unemployment dropped from 513,000 to 490,000. The civilian labor force increased from 6.49 million in 2012 to 6.50 million in 2013.

Insured Unemployment Rate (IUR)

The 2013 (preliminary) annual average IUR fell to 3.3 percent compared to 3.9 percent in 2012. The IUR is an unemployment measure that reflects the percent ratio of regular UC claims to covered employment. Covered employment was unchanged, at 5.48 million in both 2012 and 2013. Weeks claimed for 2013 were 9.5 million (an average of 182,000 per week), compared to 11.0 million (an average of 212,000 per week) for 2012, a decrease of 1.5 million weeks.

Benefit Costs

Net regular UC benefits paid decreased by 11 percent to \$2.55 billion in 2013 from \$2.86 billion in 2012. The benefit reduction of 2.3 percent in 2012 decreased to 1.7 percent in 2013. The number of weeks paid in regular UC decreased by 1.15 million, lowering weeks paid to 7.83 million for 2013, the lowest level since 2007 and 49 percent lower than the peak of 15.35 million in 2009. There was an increase in the average regular UC weekly benefit amount from \$348 in 2012 to \$360 in 2013. The number of individuals receiving regular UC benefits in 2013 was 587,390. This was 60,866 fewer than the 648,256 who received benefits in 2012. First payments decreased from 502,647 in 2012 to 442,654 in 2013. Claimants who received UC first payments in 2013 had an estimated average duration of 17.7 weeks of regular UC benefits, a decrease from the 2012 average duration of 17.9 weeks. The overall decrease in UC benefits paid resulted from declines in the number of recipients and average duration on UC.

Benefit Cost Savings from Act 6 (2011) and Act 60 (2012)

In 2013 Pennsylvania saved an estimated **\$214 million** from the following provisions of Act 6 and Act 60:

- Elimination of weekly benefit rates from \$35 to \$69: **\$2.7 million**
- Change from a fixed benefit duration (16 or 26 weeks) to one week of benefits for each credit week in base year (18-26 weeks): **\$24 million**
- Adjustment in the formula to determine the maximum weekly benefit rate with a cap on the maximum rate through 2019: **\$44 million**
- Increase in the required percentage of base year wages outside the high quarter from 37 percent to 49.5 percent: **\$136 million**
- Delay in receipt of UC for severance pay exceeding 40 percent of the average annual wage: **\$7.6 million**

Employer and Employee Contributions

During 2013, deposits into the UC Trust Fund from employer and employee contributions totaled \$2.65 billion, down from \$2.95 billion in 2012.

The average tax rate for employers in 2013 was an estimated 6.6 percent, which was unchanged from 2012. Taxable wages rose from \$39 billion in 2012 to an estimated \$41.4 billion in 2013.

UC 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 UC Trust Fund reserves to average annual benefit payouts. The solvency percentage is the ratio of the UC 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 2013:

- Employer surcharge of 5.1 percent (yielded \$100 million in contributions due)
- Employer additional tax of 0.65 percent (yielded \$255 million in contributions due)
- Employee tax of 0.07 percent (yielded \$189 million in contributions due)
- Benefit reduction of 1.7 percent (yielded \$44 million in savings)

The solvency percentage calculated for June 30, 2013 was 0 percent. 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 year 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. Please see pages 26 and 27 for more details on the solvency trigger mechanism.

UC Bonds and Federal Loans

Starting in March 2009, Pennsylvania's UC Trust Fund required Title XII federal loans to meet benefit payment obligations. On July 25, 2012, Pennsylvania's \$2.80 billion federal loan balance was repaid in full from \$3.19 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 provided by Act 60 of 2012, Pennsylvania issued UC bonds in October 2012 with a total par value of \$2.83 billion, generating \$3.24 billion in bond proceeds to repay the interim financing and establish a \$75 million Bond Reserve Fund. The interest cost for the fixed rate bonds was 1.29 percent, compared to interest rates of 2.94 percent in 2012 and 2.58 percent in 2013 charged on federal loans.

The Interest Factor, a separate component of the employer UC contribution rate that was originally created for repaying interest on Title XII federal loans, was repurposed under the provisions of Act 60 for servicing the UC bond debt and paying interest on federal loans. Starting in 2013, the rate was required to be set annually in an amount sufficient to ensure full and timely payment of the bond debt and federal loan interest, up to a maximum of 1.1 percent. From the Interest Factor (set at 1.1 percent in 2013), Pennsylvania redeemed \$157 million and \$98 million of the total \$2.83 billion par value on July 1, 2013 and Jan. 1, 2014, respectively, reducing the outstanding bond balance to \$2.57 billion on Jan. 1, 2014.

From January 2013 through April 2013, Pennsylvania obtained a total of \$524 million in federal cash flow loans that were repaid in June 2013 without incurring interest charges, since they were repaid before the end of the federal fiscal year (Sept. 30) and no additional loans were required before Dec. 31, 2013. The UC Trust Fund balance at the end of 2013 was \$263 million.

Emergency UC (EUC) and Extended Benefits

The EUC program, created in June 2008 and expanded in November 2008 and November 2009, was a federally funded benefit extension that provided for the payment of four separate “tiers” of EUC for up to a total of 53 weeks of benefits for qualified claimants.

In 2013, a total of 253,000 claimants collected \$1.5 billion in EUC in Pennsylvania (EUC benefits are paid at the same weekly rate as regular UC). At the start of 2013, 37 weeks from three tiers of EUC (14 weeks of Tier 1 + 14 weeks of Tier 2 + 9 weeks of Tier 3) were available. In January 2013, the president signed the *“American Taxpayer Relief Act of 2012,”* which extended EUC benefits through December 2013.

The federal/state Extended Benefits (EB) program is available to workers who have exhausted regular UC or EUC during periods of high unemployment. As a result of the decreasing unemployment rate in Pennsylvania, the EB program triggered off in April 2012 and was not available in 2013.

A detailed timeline on EUC and EB legislation and provisions dating back to 2008 is provided on pages 37 through 40.

JANUARY 2013 FORECAST COMPARED TO ACTUAL DATA
2013 CASH FLOW
(DOLLARS IN MILLIONS)

	FORECAST	ACTUAL
Beginning Trust Fund Balance	\$164	\$164
Beginning Federal Loan Balance	\$0	\$0
Beginning Bond Balance	\$2,827	\$2,827
Revenue	\$2,821	\$2,654
Employer and Employee Trust Fund Contributions	\$2,805	\$2,645
Other Trust Fund Revenues ¹	\$16	\$9
Interest Factor Contributions	\$410	\$394
Disbursements	\$2,511	\$2,557
Benefit Payments	\$2,511	\$2,547
Other ²	\$0	\$10
Title XII Federal Loans	\$410	\$524
Title XII Federal Loan Repayment from Trust Fund	\$410	\$523
Title XII Federal Loan Repayment from FUTA Credit Reduction ³	\$0	\$1
Title XII Federal Loan Interest Due on September 30	\$0	\$0
Bonds ⁴	\$0	\$0
Bond Repayment	\$363	\$256
Ending Trust Fund Balance	\$469	\$263
Ending Federal Loan Balance	\$0	\$0
Ending Bond Balance	\$2,464	\$2,572
Trust Fund Balance as of June 30	\$721	\$650
Three Year Average Benefit Cost as of June 30	\$2,831	\$2,945
Solvency Percentage as of June 30 ⁵	0%	0%

Sources: Pennsylvania Department of Labor & Industry
US Bureau of Public Debt
Global Insight January 2013 Baseline Forecast for Pennsylvania

¹Includes 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.

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

³The FUTA credit reduction was reduced to zero in 2012 due to the repayment in full of the federal loan.

⁴On October 18, 2012, Pennsylvania closed on a \$2.827 billion (par value) UC bond sale generating a total of \$3.244 billion in funds to repay the \$3.185 billion in interim financing that covered the federal loan balance and \$382 million in UC benefit funding through 2012, establish a \$75 million bond reserve fund, and cover the cost of issuance.

⁵Per Act 60 of 2012, the solvency percentage calculation starting in 2012 is based on the nominal Trust Fund balance minus the amount of outstanding federal loans and bond principal.

GLOBAL INSIGHT FORECAST COMPARISON JANUARY 2013 AND JANUARY 2014¹

JANUARY 2014 GLOBAL INSIGHT FORECAST				
	2013	2014	2015	2016
UNITED STATES				
Gross Domestic Product (Bil. 2009\$'s)	\$15,761.3	\$16,182.8	\$16,708.5	17,273.6
Percent Change	1.9%	2.7%	3.2%	3.4%
National Total Unemployment Rate	7.4%	6.5%	5.9%	5.4%
PENNSYLVANIA				
Industrial Production Index (2007=100)	100.3	102.5	106.5	110.2
Percent Change	1.7%	2.2%	3.9%	3.5%
Total Nonag. Employment (Thousands)	5,756.8	5,817.3	5,910.3	6,007.3
Growth Rate	0.4%	1.1%	1.6%	1.6%
Avg Annual Wage, Total Nonag. (Thous. \$)	\$49.7	\$51.3	\$53.0	\$54.7
Growth Rate	2.3%	3.1%	3.4%	3.2%
State Total Unemployment Rate	7.6%	6.9%	6.3%	5.8%

Source: Global Insight January 2014 Baseline Forecasts for the US and Pennsylvania

JANUARY 2013 GLOBAL INSIGHT FORECAST				
	2013	2014	2015	2016 ²
UNITED STATES				
Gross Domestic Product (Bil. 2005\$'s)	\$13,835.9	\$14,209.0	\$14,695.8	
Percent Change	1.7%	2.7%	3.4%	
National Total Unemployment Rate	7.6%	7.3%	6.7%	
PENNSYLVANIA				
Industrial Production Index (2007=100)	101.5	104.7	108.6	
Percent Change	2.3%	3.2%	3.7%	
Total Nonag. Employment (Thousands)	5,795.7	5,874.0	5,964.6	
Growth Rate	1.2%	1.4%	1.5%	
Avg Annual Wage, Total Nonag. (Thous. \$)	\$49.4	\$50.7	\$52.1	
Growth Rate	2.0%	2.6%	2.8%	
State Total Unemployment Rate	7.6%	7.2%	6.6%	

Source: Global Insight January 2013 Baseline Forecasts for the US and Pennsylvania

¹Comparison of the economic forecast indicators under the January 2014 Global Insight Forecast versus the January 2013 Forecast used for the 2012 Actuarial Evaluation.

²Projected data for calendar year 2016 were not included in the 2012 Actuarial Evaluation.

OUTLOOK FOR 2014-2016

2014-2016 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 UC 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 UC benefit costs are Pennsylvania's total unemployment rate and nonagricultural wage and salary employment. Pennsylvania's nonagricultural wages and employment are used to forecast UC revenue activity.

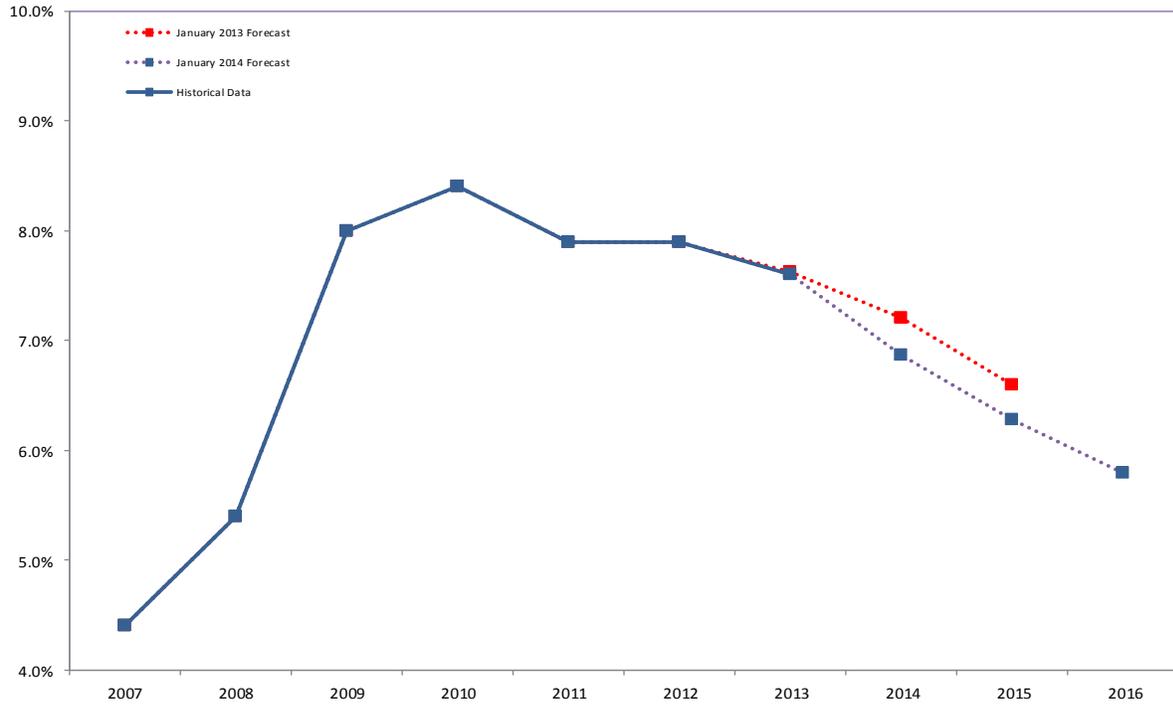
The outlook for 2014-2016 UC activity provided in this report is based on the January 2014 Global Insight Baseline Forecast for the nation and Pennsylvania (referred to as the January 2014 Global Insight Forecast). The table found on page 13 of this report and the graphs on pages 15 through 20 provide a comparison of the economic forecast indicators under the January 2014 Global Insight Forecast versus the January 2013 Global Insight Forecast used for the 2012 Actuarial Evaluation of the UC Trust Fund.

The January 2014 Global Insight forecast indicates that the economic recovery in Pennsylvania will continue. Pennsylvania's unemployment rate decreased from 7.9 percent in 2012 to 7.6 percent in 2013, and is projected to decline to 6.9 percent in 2014, 6.3 percent in 2015, and 5.8 percent in 2016. Pennsylvania's employment growth reflects this trend. Average annual nonagricultural employment increased from 5.73 million in 2012 to 5.76 million in 2013 and is projected to grow to 5.82 million in 2014, 5.91 million in 2015, and 6.01 million in 2016.

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 7.4 percent in 2013 to 6.5 percent in 2014, 5.9 percent in 2015, and 5.4 percent in 2016. Also, the real gross domestic product for the nation is projected to grow 2.7 percent in 2014, 3.2 percent in 2015, and 3.4 percent in 2016.

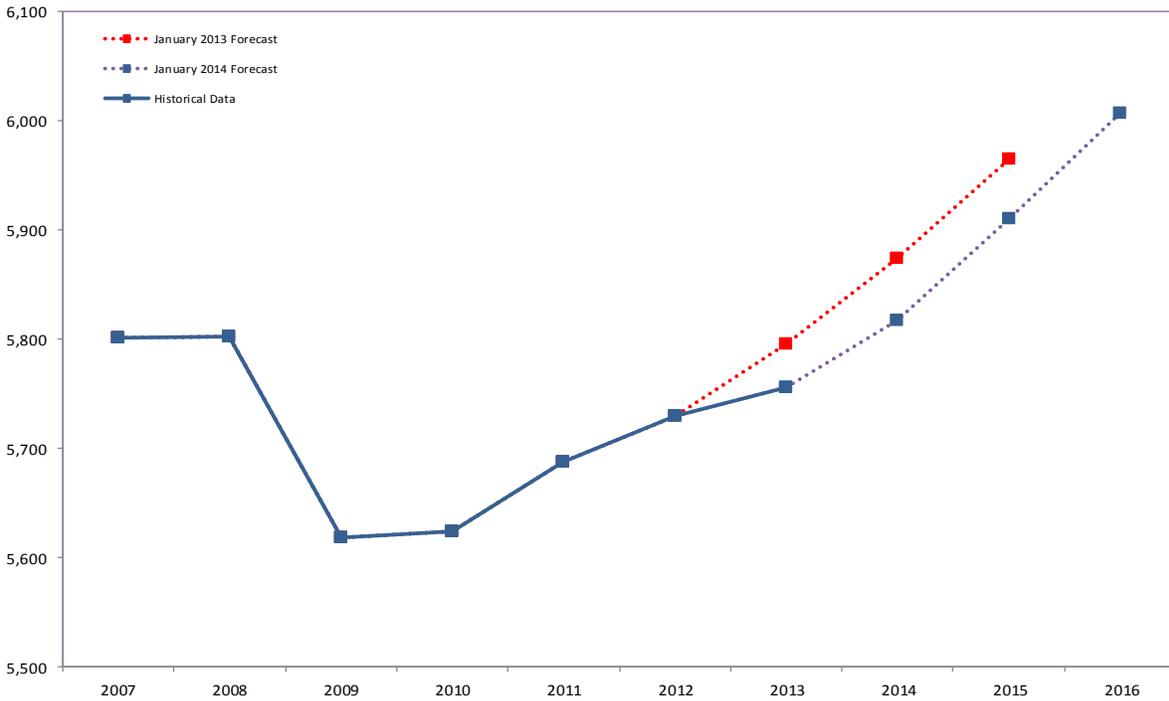
The forecast of UC activity reflects both the outlook for growth in the economy as well as benefit cost savings from the reforms of Act 6 of 2011 and Act 60 of 2012. UC benefit costs are forecasted to decline from \$2.55 billion in 2013 to \$2.44 billion in 2014, \$2.34 billion in 2015, and \$2.25 billion in 2016. Contributions from employers and employees deposited into the UC Trust Fund are projected to decrease from \$2.65 billion in 2013 to \$2.6 billion in 2014, then increase to \$2.64 billion in 2015, and \$2.76 billion in 2016. The UC Trust Fund is projected to continue to move toward solvency through 2016 and beyond as annual revenues from employer and employee contributions are expected to exceed annual benefit costs each year of the projection period.

PA TOTAL UNEMPLOYMENT RATE



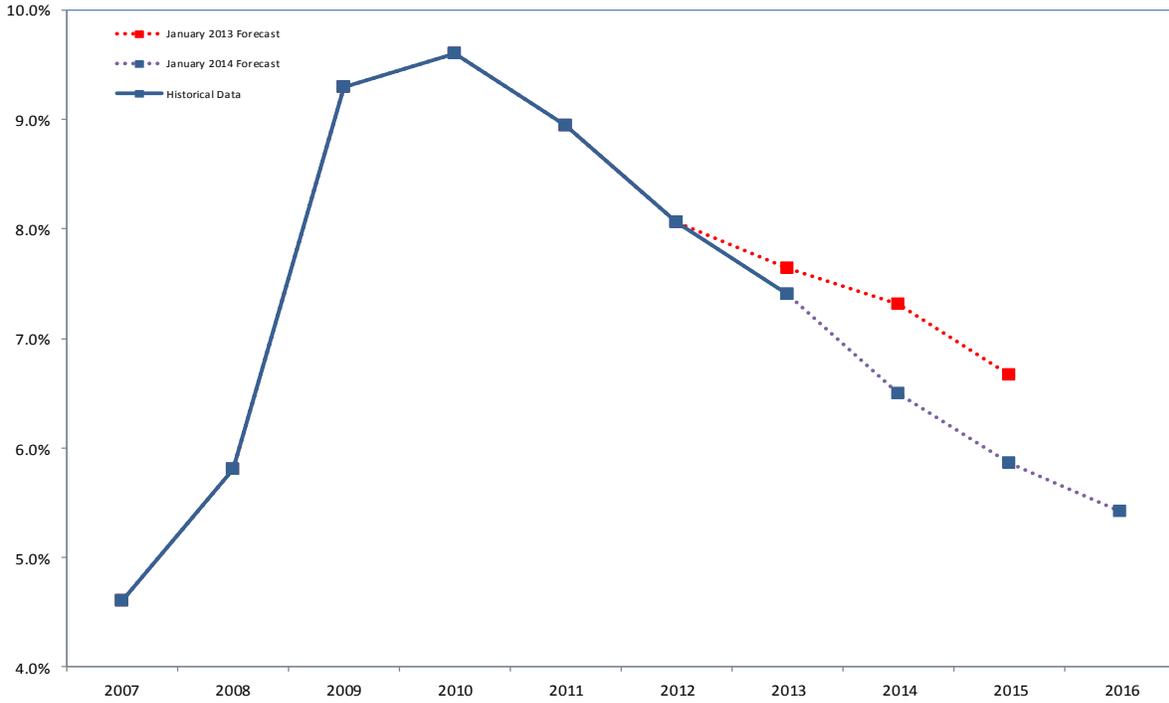
Sources: Pennsylvania Local Area Unemployment Statistics (LAUS)
Global Insight January 2013 and January 2014 Baseline Forecasts for Pennsylvania

PA NONAGRICULTURAL EMPLOYMENT (IN THOUSANDS)



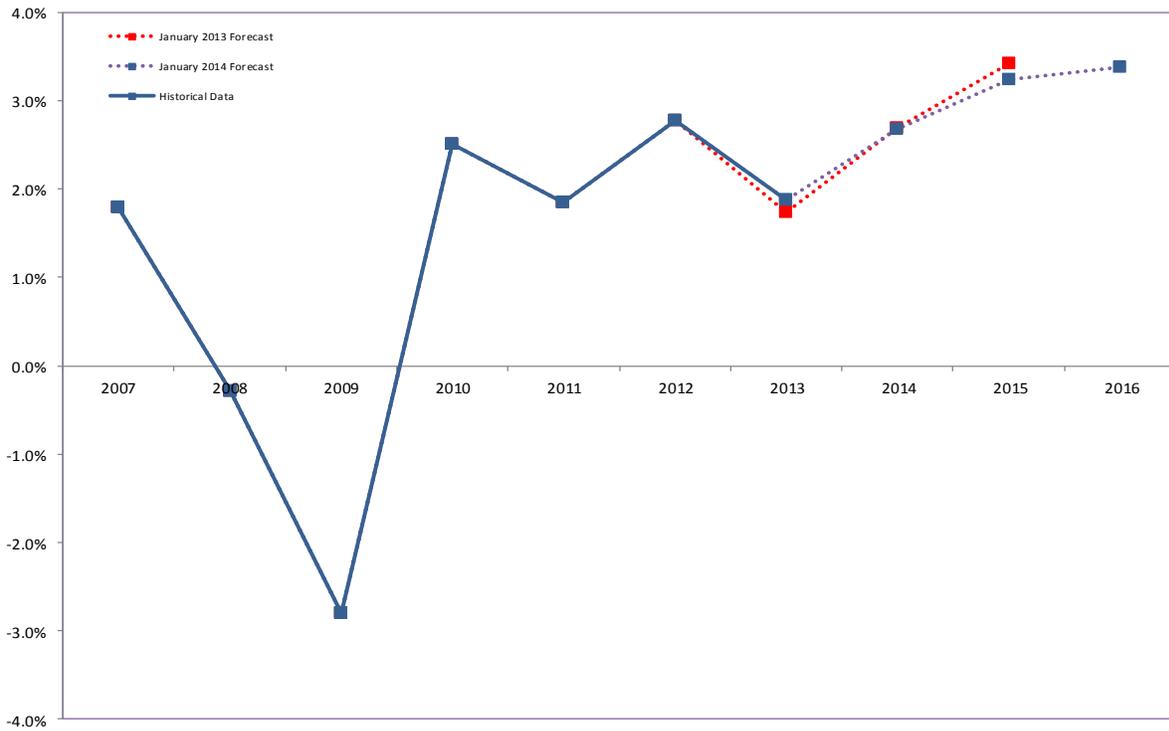
Sources: Pennsylvania Department of Labor & Industry, Current Employment Statistics (CES)
Global Insight January 2013 and January 2014 Baseline Forecasts for Pennsylvania

US TOTAL UNEMPLOYMENT RATE



Sources: US Bureau of Labor Statistics, Current Population Survey (CPS)
Global Insight January 2013 and January 2014 Baseline Forecasts for the US

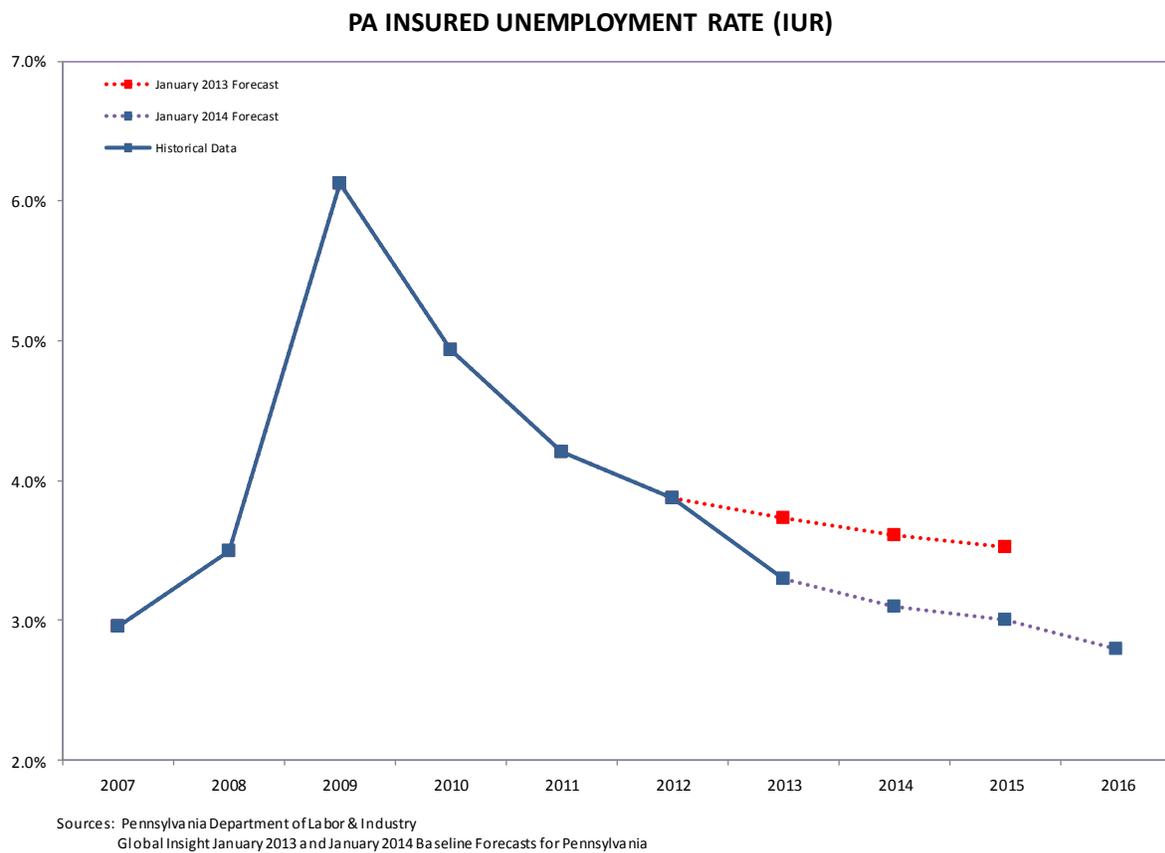
US GROSS DOMESTIC PRODUCT (PERCENT CHANGE)



Source: Global Insight January 2013 and January 2014 Baseline Forecasts for the US

Insured Unemployment Rate (IUR)

The IUR (percent ratio of regular UC claims to covered employment) is projected to decrease from 3.3 percent in 2013 to 3.1 percent in 2014, followed by rates of 3.0 percent in 2015 and 2.8 percent in 2016. The trend in the IUR reflects the projected decline in weeks claimed coupled with moderate growth in UC covered employment through 2016. The number of weeks claimed forecast during the period is 8.9 million for 2014 (down from 9.5 million in 2013), 8.7 million for 2015 and 8.5 million for 2016. UC covered employment is forecast to rise from 5.50 million in 2013 to 5.56 million in 2014, 5.65 million in 2015, and 5.74 million in 2016. Growth in UC covered employment generally follows the same pattern as growth in nonagricultural employment.

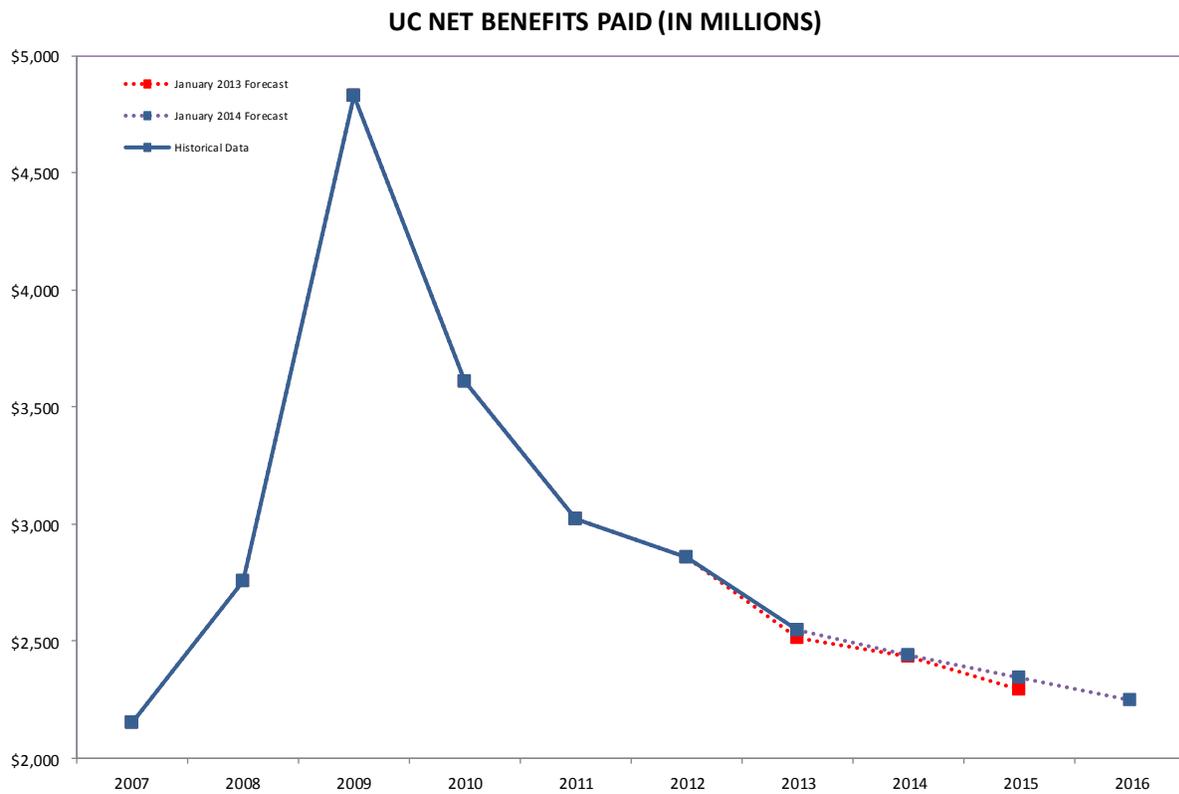


Benefit Costs

As a result of the gradual recovery in the economy and savings from Act 6 and Act 60 reforms, UC benefit costs are forecast to fall in the coming years. In 2014, benefits paid will fall to \$2.44 billion, down from 2013's \$2.55 billion level. UC benefits paid are forecast to continue to decline to \$2.34 billion in 2015 and \$2.25 billion in 2016.

The forecast for weeks paid reflects the decline in the amount of benefits paid. The number of weeks paid decreased from 8.98 million in 2012 to 7.83 million in 2013, the lowest level since 2007 and 49 percent lower than the peak of 15.35 million in 2009. Weeks paid are forecast to fall to 7.4 million in 2014, 7.2 million in 2015, and 7.0 million in 2016.

The average weekly benefit amount (based on weeks paid for total unemployment) projected for 2014 is \$348, down from \$360 in 2013, and reflects a benefit reduction of 1.7 percent. The average weekly benefit amount projected for 2015 and 2016, \$357 and \$366, respectively, also reflects a 1.7 percent benefit reduction. Act 60 of 2012 freezes the maximum weekly benefit at \$573 through 2019.



Sources: Pennsylvania Department of Labor & Industry
Global Insight January 2013 and January 2014 Baseline Forecasts for Pennsylvania

Employer and Employee Contributions

Employer and employee contributions during 2014 are forecast to total \$2.60 billion, a decrease over the 2013 total of \$2.65 billion. The amount of total contributions is projected to increase to \$2.64 billion in 2015 and \$2.76 billion in 2016. This section describes the factors that determine the outlook for employer and employee contributions.

Taxable employers subject to the UC law are assigned an UC tax rate each year, which is based on the employer’s UC 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 UC employer tax rate is projected to be 6.2 percent for 2014, down from 6.6 percent in 2013. The average tax rate is projected to decrease again to 6.1 percent in 2015 and 6.0 percent in 2016. The drop in 2014 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 2013 through 2018 as follows:

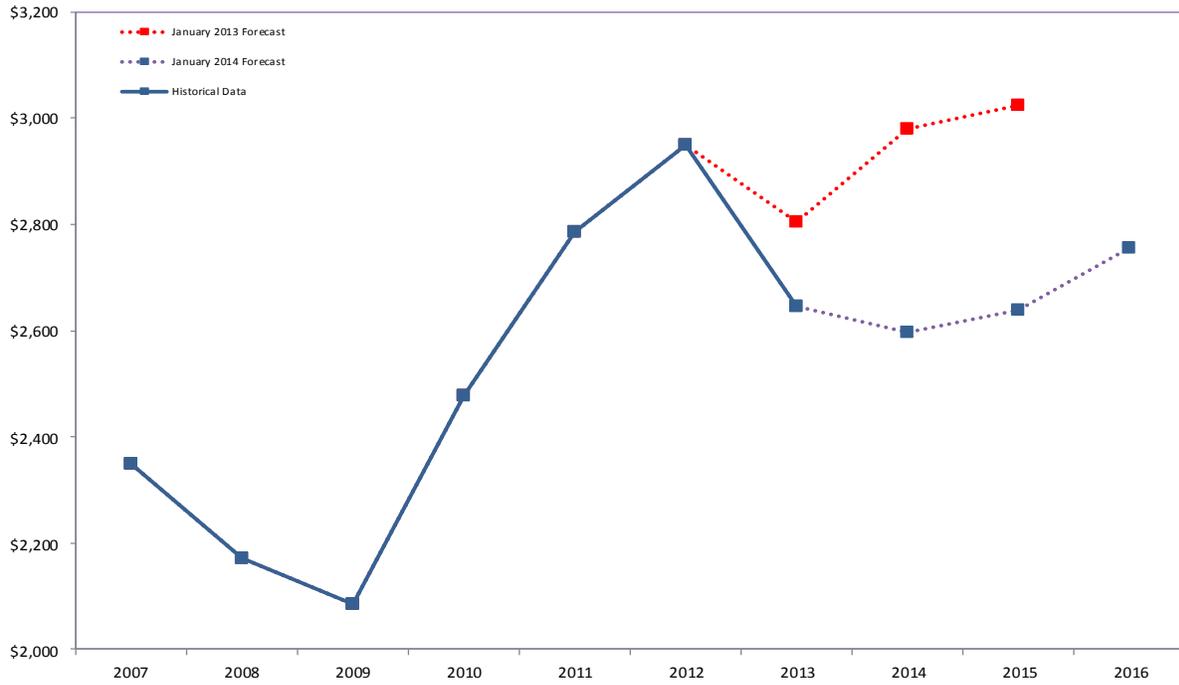
- 2013: \$8,500
- 2014: \$8,750
- 2015: \$9,000
- 2016: \$9,500
- 2017: \$9,750
- 2018 and thereafter: \$10,000

Taxable wages are projected to increase from the estimated 2013 total of \$41.4 billion to \$43.1 billion in 2014, \$45.4 billion in 2015 and \$48.4 billion in 2016. Taxable wages will increase as a result of the statutory increase in the taxable wage base as well as growth in UC covered employment. UC covered employment is forecast to rise from an estimated 5.50 million in 2013 to 5.61 million in 2014, 5.65 million in 2015, and 5.74 million in 2016 (follows same pattern as growth in nonagricultural employment).

Some employers, called "reimbursable employers" do not pay UC taxes. Instead, a reimbursable employer reimburses the UC Trust 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 2013, an estimated 2.2 percent of covered employers were reimbursable.

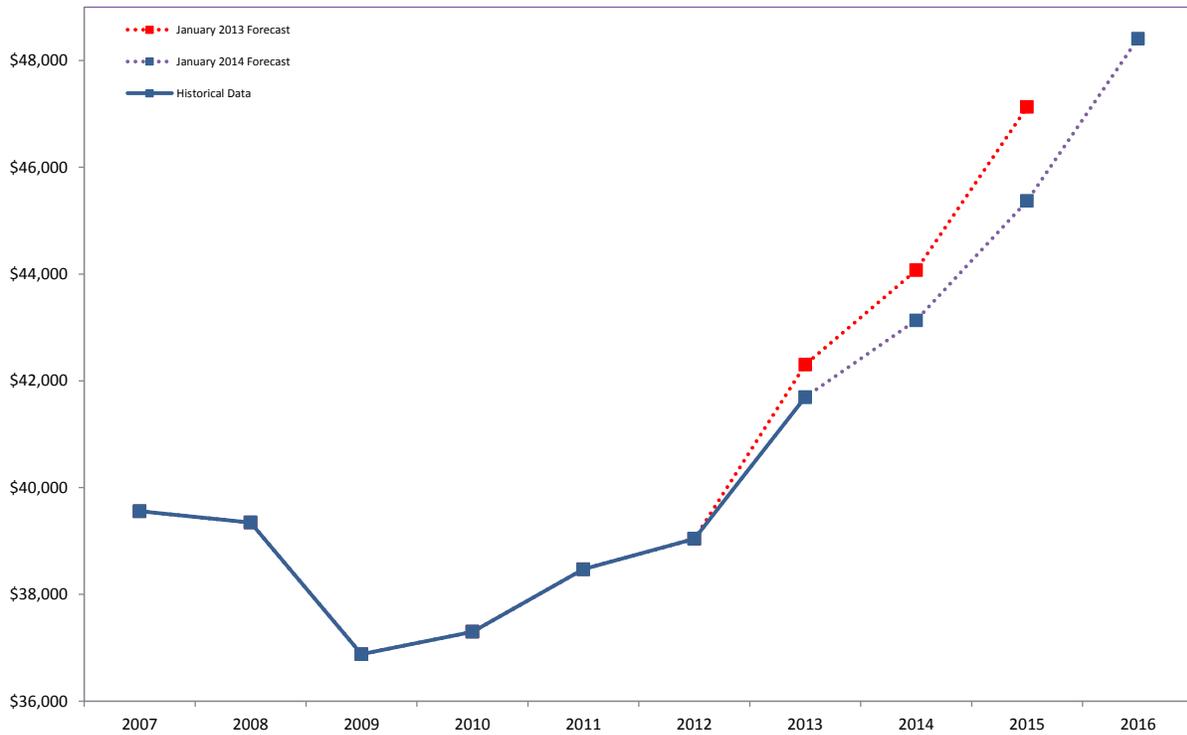
Employee contributions are generated from the employee tax (from the solvency trigger mechanism) applied to total wages, not just those under the taxable wage base. The employee tax rate dropped to 0.07 percent for 2013-2015 from 0.08 percent in 2012. Total wages are projected to increase from \$268 billion in 2013 to \$282 billion in 2014, \$296 billion in 2015, and \$310 billion in 2016. Under the forecast, the employee tax is expected to generate \$197 million in 2014, \$207 million in 2015, and \$217 million in 2016.

UC EMPLOYER AND EMPLOYEE CONTRIBUTIONS (IN MILLIONS)



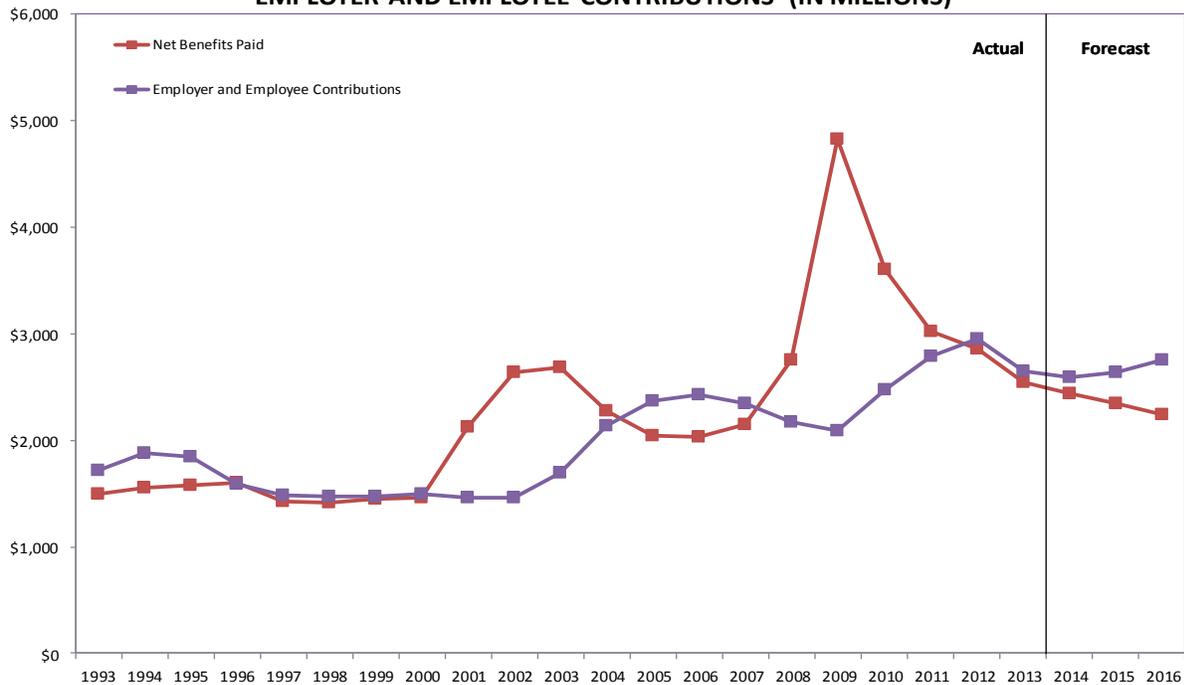
Sources: Pennsylvania Department of Labor & Industry
Global Insight January 2013 and January 2014 Baseline Forecasts for Pennsylvania

UC TAXABLE WAGES (IN MILLIONS)



Sources: Pennsylvania Department of Labor & Industry
Global Insight July 2012 and January 2013 Baseline Forecasts for Pennsylvania

**UC NET BENEFITS PAID VERSUS
EMPLOYER AND EMPLOYEE CONTRIBUTIONS (IN MILLIONS)**



Sources: Pennsylvania Department of Labor & Industry
Global Insight January 2014 Baseline Forecast for Pennsylvania

UC Trust Fund Solvency Trigger Mechanism

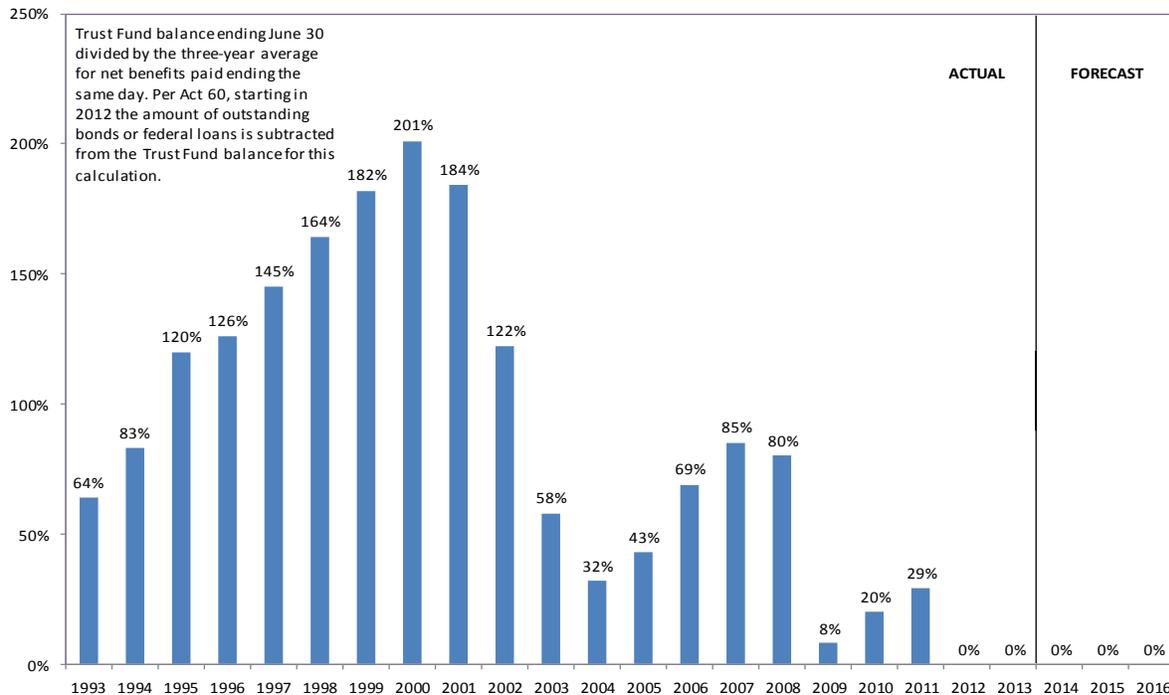
Effective in 1992 and each fifth year thereafter, the UC law requires the solvency measure rates to be redetermined to derive a total targeted annual monetary impact of \$544 million. In July 2012, the solvency measure rates for 2013-2017 were determined based on calendar year 2011 benefit and tax contribution 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 26 and 27.

The solvency percentage calculated as of June 30 of each year is projected to be 0 percent from 2014 through 2016. 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 2014 through 2016, 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 2014 through 2016 are as follows:

- **Employer Surcharge:** A 5.1 percent surcharge on employer contributions was in effect for 2013, down from 5.8 percent in 2012. The employer surcharge will remain at 5.1 percent in 2014 through 2016. Employer contributions due from the surcharge will be \$95 million in 2014, \$98 million in 2015 and \$103 million in 2016.
- **Employer Additional Tax:** The employer additional tax is forecast to remain triggered on through 2016. The rate for 2013 was 0.65 percent, and it is forecast to remain at 0.65 percent in 2014-2016. The employer additional tax will yield contributions due totaling \$264 million in 2014, \$278 million in 2015, and \$297 million in 2016.
- **Employee Tax:** The employee tax will be in effect in 2014 through 2016. For 2014, the employee tax rate is 0.07 percent (unchanged from 2013) and will remain at 0.07 percent in 2015 and 2016. Tax contributions due from this measure will total \$197 million in 2014, \$207 million in 2015 and \$217 million in 2016. 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 UC claimants.
- **Benefit Reduction:** The benefit reduction will be in effect for 2014 through 2016. A rate of 1.7 percent (unchanged from 2013) will yield benefit reductions totaling \$42 million in 2014, \$40 million in 2015, and \$39 million in 2016.

UC TRUST FUND SOLVENCY PERCENTAGE



Sources: Pennsylvania Department of Labor & Industry
Global Insight January 2014 Baseline Forecast for Pennsylvania

UC TRUST FUND SOLVENCY TRIGGER MECHANISM¹
2013-2016
JANUARY 2014 GLOBAL INSIGHT FORECAST

	ACTUAL	FORECAST		
	2013	2014	2015	2016
Solvency Percentage ²	0%	0%	0%	0%
Trigger Level ²	Less than 250%	Less than 250%	Less than 250%	Less than 250%
EMPLOYER SURCHARGE				
Percentage	5.1%	5.1%	5.1%	5.1%
Contributions Due (in millions)	\$100	\$95	\$98	\$103
EMPLOYER ADDITIONAL TAX				
Percentage	0.65%	0.65%	0.65%	0.65%
Contributions Due (in millions)	\$255	\$264	\$278	\$297
EMPLOYEE TAX				
Percentage	0.07%	0.07%	0.07%	0.07%
Contributions Due (in millions)	\$189	\$197	\$207	\$217
BENEFIT REDUCTION				
Percentage	1.7%	1.7%	1.7%	1.7%
Benefit Reduction (in millions)	\$44	\$42	\$40	\$39

Source: Pennsylvania Department of Labor & Industry

¹Solvency measures are applicable to the year shown but are activated by the prior year solvency percentage. Solvency measure rates were recalculated in 2012 (for 2013-2017) as required by Unemployment Compensation Law.

²The UC Trust Fund solvency percentage is calculated as of June 30 of each year and determines the trigger level for the following calendar year. A trigger level of "Less than 250%" will activate all of the solvency measures. See the following pages for a more detailed explanation of the Solvency Trigger Mechanism.

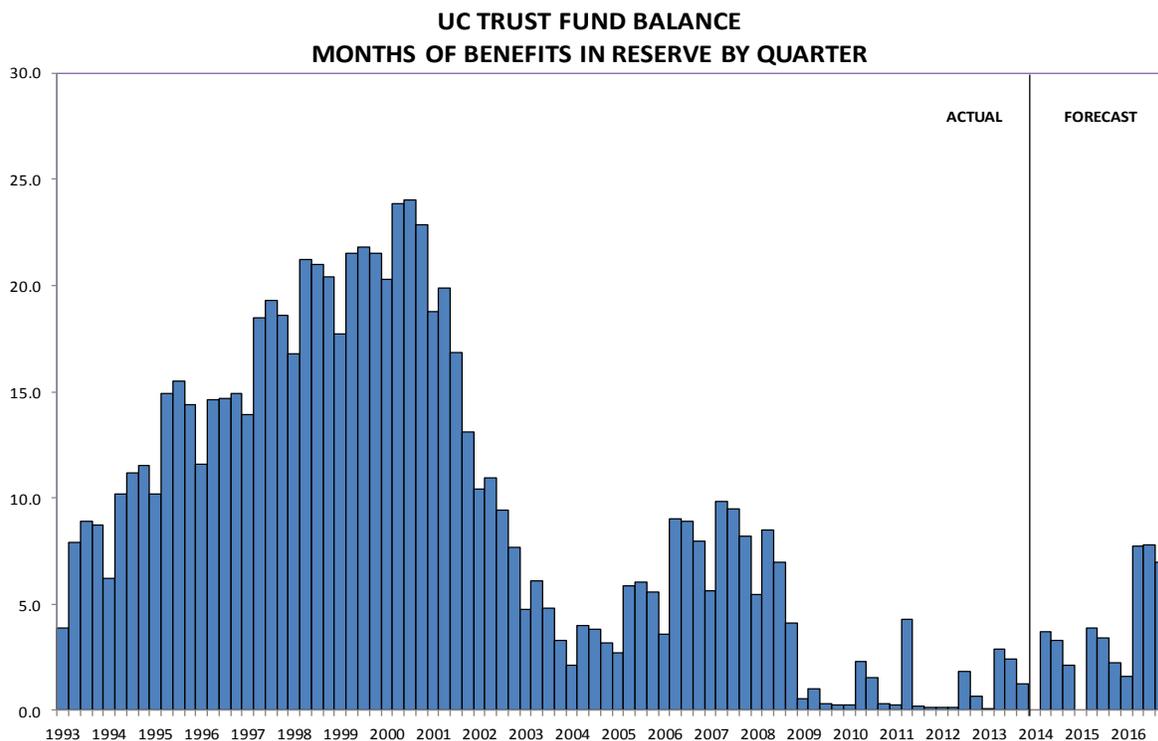
UC Bonds and Federal Loans

The Interest Factor, a separate component of the employer UC contribution rate that was repurposed under the provisions of Act 60 for servicing the UC bond debt and paying interest on federal loans, will be set at 1.1 percent in 2014, 2015 and 2016. Projected Interest Factor revenues are \$444 million for 2014, \$468 million for 2015, and \$499 million for 2016. Pennsylvania will redeem a projected \$331 million for 2014, \$362 million for 2015, and \$411 million for 2016 in UC bond principal, reducing the outstanding bond balance to an estimated \$1.46 billion by Jan. 1, 2017.

Federal cash flow loans are anticipated in the first and second quarter of 2014 and 2015 which will be repaid before the end of the second quarter of 2014. No additional loans are expected through the end of the 2016.

UC 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 2014, 2015 and 2016, as the UC Trust Fund starts to move toward solvency. The calendar year ending Trust Fund balance is projected to reach \$434 million (2.1 months of benefits) for 2014, \$755 million (3.9 months of benefits) for 2015, and \$1.3 billion (7 months of benefits) for 2016.



Sources: Pennsylvania Department of Labor & Industry
Global Insight January 2014 Baseline Forecast for Pennsylvania

**UC TRUST FUND
2013 - 2016 CASH FLOW
JANUARY 2014 GLOBAL INSIGHT FORECAST
(DOLLARS IN MILLIONS)**

	ACTUAL	FORECAST		
	2013	2014	2015	2016
Beginning Trust Fund Balance	\$164	\$263	\$434	\$755
Beginning Federal Loan Balance	\$0	\$0	\$0	\$0
Beginning Bond Balance	\$2,827	\$2,572	\$2,240	\$1,879
Employer and Employee Trust Fund Contributions	\$2,645	\$2,596	\$2,639	\$2,756
Trust Fund Interest Earned	\$9	\$16	\$23	\$38
Interest Factor Contributions ¹	\$394	\$444	\$468	\$499
Benefit Payments	\$2,547	\$2,441	\$2,341	\$2,246
Title XII Federal Loans	\$524	\$339	\$151	\$0
Title XII Federal Loan Repayment from Trust Fund	\$523	\$339	\$151	\$0
Title XII Federal Loan Repayment from FUTA Credit Reduction ²	\$1	\$0	\$0	\$0
Title XII Federal Loan Interest Due on September 30	\$0	\$1	\$0	\$0
Bonds ³	\$0	\$0	\$0	\$0
Bond Repayment	\$256	\$332	\$362	\$411
Ending Trust Fund Balance	\$263	\$434	\$755	\$1,304
Ending Federal Loan Balance	\$0	\$0	\$0	\$0
Ending Bond Balance	\$2,572	\$2,240	\$1,879	\$1,468
Trust Fund Balance as of June 30	\$650	\$768	\$1,017	\$1,481
Three Year Average Benefit Cost as of June 30	\$2,945	\$2,709	\$2,525	\$2,388
Solvency Percentage as of June 30 ⁴	0%	0%	0%	0%

Sources: Pennsylvania Department of Labor & Industry
US Bureau of Public Debt
Global Insight January 2014 Baseline Forecast for Pennsylvania

¹Interest Factor contributions are deposited into the Debt Service Fund to cover bond debt service and Title XII federal loan interest.

²The FUTA credit reduction was reduced to zero in 2012 due to the repayment in full of the federal loan.

³On October 18, 2012, Pennsylvania closed on a \$2.827 billion (par value) UC bond sale generating a total of \$3.244 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.

⁴Per Act 60 of 2012, the solvency percentage calculation starting in 2012 is based on the nominal Trust Fund balance minus the amount of outstanding federal loans and bond principal.

UC TRUST FUND SOLVENCY TRIGGER MECHANISM

The UC law was amended in October 1988 to include an 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:

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

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 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	166%	52

Source: Pennsylvania Department of Labor & Industry

¹ Assessed on employer contributions due and excludes reimbursable employers. The surcharge is not assessed on employer 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 table shows the solvency measure rates that were recalculated in 2012 for use in 2013 through 2017.

SOLVENCY MEASURES 2013-2017¹

TRIGGER LEVEL	EMPLOYER SURCHARGE ²	EMPLOYER ADDITIONAL CONTRIBUTIONS ³	EMPLOYEE TAX ⁴	BENEFIT REDUCTION
250% or more	None	None	None	None
Less than 250%	5.1%	0.65%	0.07%	1.7%

Source: Pennsylvania Department of Labor & Industry

¹Solvency measures for 2013-2017 are based on contribution and benefit activity for calendar year 2011.

²Assessed on employer contributions due and excludes reimbursable employers. The surcharge is not assessed on solvency additional contributions.

³Added 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.

⁴Assessed on all employee gross wages for a calendar year.

Status of UC Programs and Initiatives

Office of UC Tax Services (OUCTS)

Workload Highlights for 2013

- Increased employer electronic filing of quarterly UC tax reports to 74% of all reports filed by the 4th quarter of 2013.
- Completed 3,104 tax compliance audits on gross payroll of \$1.45 billion.
- Completed audits included the pickup of 14,381 misclassified workers and \$4.3 million in underreported contributions
- Approximately \$2.65 billion dollars was deposited into the UC Trust Fund, representing timely and delinquent payments from employers.
- There were 958 payment plans as of Dec. 31, 2013.

Employer Outreach

OUCTS 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)

Electronic Filing

With the advent of UCMS, employers now have a more efficient means of filing quarterly UC tax reports and paying taxes online. In addition, employers and employer representatives known as Third Party Administrators (TPAs) are able to do the following:

- File quarterly wage report (UC-2A) information online. UCMS uses the wage information to calculate the employer's quarterly tax information including gross wages, taxable wages, employee withholding, employer contribution, and if necessary, interest and penalty.
- Upload a file containing quarterly wage report and tax report information.
- Send a file containing quarterly wage report information via the business standard File Transfer Protocol (FTP). FTP allows the secure transfer of files over the Internet.
- Pay all quarterly amounts due online by the banking standard ACH debit, ACH credit, or credit card. Employers can also print a payment voucher to send with a check in the mail.
- Amend previously filed quarterly wage and tax reports online by either uploading files or by sending files via FTP.
- TPAs representing more than one employer can file wage and tax report information for multiple clients by FTP.

UCMS was opened up for electronic filing of UC Tax quarterly reports with the filing of the fourth quarter 2012. The fourth quarter 2013 reports filed as of Feb. 27, 2014 included 201,927 filed electronically representing 73 percent of all reports filed.

2013 Q4 UC-2 Processing by Filing Type	
Filing Type	Actual
FTP	111,699
File Upload	10,170
Online (UCMS)	80,058
Total Electronic Filing	201,927
Paper(Dept of Revenue)	75,142
Total	277,069

Misclassified Workers

Studies have indicated that misclassification is a serious problem throughout the United States and estimates indicate 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 OUCTS and the United States Department of Labor (USDOL).

To address this issue, the OUCTS is conducting audits of registered and unregistered employers in industries where workers have historically been misclassified. During 2013, the OUCTS discovered 14,381 misclassified workers and \$4.3 million in underreported contributions. This effort will continue in 2014.

The OUCTS is currently working with the USDOL and the IRS to expand current agreements and develop new Memorandums of Understanding that allow the sharing of mutually beneficial information on employers, tax reporting, investigations and audits, with an emphasis on cooperating to identify and correct worker misclassification. Current agreements have provided valuable information that has resulted in increased identification of misclassification through the UC Tax audit program, as reported above.

Misclassified Worker Initiative Supplemental Funding

The USDOL made available a supplemental funding opportunity to states' UI programs through UIPL 24-13. As part of the Supplemental Budget Request (SBR), the OUCTS was awarded \$750,000 for a Misclassified Worker Initiative to improve the audit program. These funds will be used over the 2014 and 2015 federal fiscal years to increase misclassified workers identification through improved audit selection. This will be achieved through a new Audit Support Unit.

Audit Support Unit

The OUCTS began development of a new Audit Support Unit in late 2013. This unit and the required additional technology will be funded for two years through the Misclassified Worker Initiative portion of the aforementioned SBR. To improve audit selection and the discovery of misclassified workers, unit staff will collect and evaluate audit leads from all sources including the IRS, Pennsylvania Department of Revenue, and other state and federal organizations. The unit will be tasked with assigning the best audit leads and collecting and evaluating audit results. This effort will help us to improve audit selection and quality and to increase the number of misclassified workers discovered through our audit program.

Over time, as new data sources are developed and evaluated, the audit selection process will continue to be refined, further focusing auditors' time and efforts on those industries and entities where the most misclassification occurs. Continuing this process will help Pennsylvania maximize the audit process in order to discover and address a higher number of workers misclassified each year and collect a higher percentage of the estimated \$200 million that should be paid into the UC Trust Fund annually.

SUTA Dumping

Like all states, Pennsylvania uses an “experience rating” system to compute the yearly Unemployment Compensation (UC) 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.

In response, OUCTS has worked for several years to systematically target and investigate suspected cases of SUTA Dumping in the commonwealth. As of the end of 2013, OUCTS has undertaken 265 investigations and has identified \$34.2 million in additional contributions payable to the Pennsylvania UC Trust Fund.

Office of UC Service Centers (OUCSC) and Office of UC Benefits Policy (OUCBP)

Workload Highlights for 2013

In 2013, OUCSC

- Processed 724,184 new initial claims, 597,167 additional claims and approximately 9.5 million continued claims.
- Issued 246,174 non-monetary determinations for UC eligibility.
- Completed over 2.7 million telephone calls.

A total of 807,178 new initial and additional claims were processed over the Internet in 2013 at uc.pa.gov, accounting for 49 percent of all new initial and additional claims filed. Also, Internet usage for filing biweekly continued claims continued to grow. In 2013, continued claims processed through the Internet accounted for about 62 percent of all continued claims, up from 60 percent in 2012.

Claims Credentials Protection Solution

In order to protect the online accounts of UC claimants, additional security measures were introduced into the UC website in June 2013. Claimants who check their claim status are now only allowed three attempts to correctly enter in their Social Security number and Personal Identification Number (PIN) before receiving a warning and being locked out of their accounts for progressively longer periods of time. If an incorrect password is entered for the seventh time, the claimant must wait 24 hours before accessing their account again, or must call the UC service center for information.

Claim Status Information Enhancements

Further enhancements are proposed to the UC website in 2014 to provide more detailed information to claimants as to whether their claim is facing any issues potentially impacting payment of benefits. When a claimant views their claim status online, they currently receive one of four separate messages indicating that their claim is

- under appeal,
- undergoing a review of financial eligibility,
- under review for benefit eligibility, or
- being processed.

In an effort to provide enhanced customer service as well as reduce the number of calls to the UC service centers, more detailed claim status information will be provided via the online claim status feature. More specific messages will be provided for those whose claims are under review for benefit eligibility. These messages will be tailored according to the specific type of stop(s) on the claim.

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 the Department of Labor & Industry website, starting in May 2011, OUCSC 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 66,000 claimants each week.

Services for Limited English Proficiency (LEP) Customers

Recognizing the importance of providing services based on the individual needs of the customers, OUCSC provides translation services in over 200 different languages through Language Services Associates Interpretalk® for customers who are limited English or non-English speaking. When a claimant or other individual contacts OUCSC by telephone and the individual has difficulty communicating in English, OUCSC representatives use Interpretalk® to assist in determining the customer's language needs before providing further service. In 2013, OUCSC used Interpretalk® to assist with 37,455 calls in 86 different languages. The top four languages requested in 2013 were Spanish, Arabic, Vietnamese and Haitian Creole, with Spanish comprising 87.6 percent of the calls. Additionally, 29 bi-lingual service center agents are available to assist Spanish-speaking customers.

There were 4,435 Spanish Internet initial claims in 2013 as compared to 4,410 in 2012. Over 42,737 continued claims were filed via the Spanish Internet continued claims site during 2013 as compared to 36,235 in 2012. 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 PA CareerLink® centers 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

OUCSC offers 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, OUCSC'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 handled 512 calls in 2013. OUCSC continues to advertise this program through various methods.

Shared-Work Program

The Shared-Work Program is an alternative to employers having to lay off their trained workforces during economic downturns. A shared-work plan allows an employer to temporarily reduce the work hours of a group of employees. Employees covered by the plan receive a percentage of their UC weekly benefit amount while they work the reduced schedule, if they are otherwise eligible for UC. Since the roll out of this program approximately 22 companies and over 125 employees have benefited from participation in a shared-work plan.

Keystone Works

The Keystone Works program provides an opportunity for unemployed workers to receive training with an employer while continuing to receive UC benefits.

The program allows UC claimants to receive training directly from an employer looking for people to fill openings in high priority occupations. During the training period, the employer will not provide any compensation to the worker, who will continue to receive their UC benefits. At the conclusion of the training period, the employer will receive a monetary incentive if the employer hires the unemployed, newly-trained worker.

Keystone Works requires that all training programs be approved by the Department of Labor & Industry and that they are consistent with the Fair Labor Standards Act. In 2013, 17 businesses were approved to participate in Keystone Works. A total of 47 positions were approved.

Work Registration Enforcement

On Aug. 17, 2013, the Work Search and Work Registration regulation was published in the Pennsylvania Bulletin and became final and enforceable. Therefore, effective with initial claim applications for UC benefits beginning on and after Aug. 19, 2013, claimants became subject to denial of UC benefits under section 401(b) of the law if they were not registered in JobGatewaySM, the department's user-friendly, premiere job-matching system designed to connect job-seekers and employers, within 30 days after filing their claim.

Claimants receive a warning letter if they have not registered with JobGatewaySM within 21 days of filing their UC claim. The letter includes the specific date by which the claimant needs to complete their registration in order to maintain their compliance with the law, as well as the specific week ending date on which their ineligibility would begin if they do not register within 30 days after filing their claim. Claimants who are disqualified for UC benefits due to failure to register are able to purge their disqualification by completing their registration in JobGatewaySM.

During 2013 enhancements were made to the JobGatewaySM website. The enhancements were designed to make self-service and understanding registration compliance even easier. On Dec. 7, 2013, a Registration Compliance indicator was added to the "MyDashboard" section of the JobGatewaySM website which informs the claimant about their current registration status. A claimant's registration could be either "Complete", in which case the date of completion will be indicated, or "Incomplete", in which case the missing element or elements will be displayed as hyperlinks sending the individual directly to the element(s) that need to be completed.

Workforce Development Initiatives

UC-funded personal computers are installed in all PA CareerLink[®] centers to facilitate UC claimant access to automated UC applications and PA CareerLink[®] enrollment processes. Also, all UC services are available 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.

OUCSC Workforce Development (WD) field staff continues to participate with PA CareerLink[®] partners in reemployment services for UC claimants. In 2013, WD field staff assisted at 545 rapid response informational presentations and trade benefit rights interviews that impacted over 12,000 workers. In addition, WD staff conducted 21 UC informational meetings with claimants facing temporary layoffs. These sessions help both claimants and their employers understand the UC process and how new Work Search requirements may affect individuals with recall dates. Staff also participated in chairing (or co-chairing) 10 regional workforce development meetings. These meetings brought together workforce development partners for discussions regarding UC reemployment programs.

UC Program Employer Outreach

OUCSC participated in 90 employer-based speaking engagements across the state and three webinars in 2013. The purpose of these events conducted by OUCSC WD staff was to educate employers in all aspects related to new UC Laws and UC procedures. Topics included separation issues, relief from charges, suitable work, and appeal hearings. Seminars were held in conjunction with meetings sponsored by the Employers Advisory Council, Chambers of Commerce, Society of Human Resource Managers, Workforce Investment Boards and other employer groups. This total of employer meetings was up from the approximately 70 such sessions conducted in 2012.

UC Participation in Job Fairs

During 2013, OUCSC WD staff participated in 12 job fairs throughout the state. These events, often sponsored by PA CareerLink® centers, 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. It must be noted that the staff's continuous outreach with the community, through meetings and job fairs, often result in problem solving after contacts have been established. To illustrate, the unit fielded over 3,000 follow-up calls and emails from employers and employees met at various forums. By helping to resolve problems quickly, staff was able to help reduce OUCSC call volume. The customers serviced by our WD staff know that they have a liaison that can ensure the best possible customer service.

First Payment Timeliness

USDOL has mandated that states must make 87 percent of all first unemployment compensation payments within 14 days of the claimant applying for the week. In recent years, Pennsylvania has not met this goal. A corrective action plan instituted incremental quarterly goals towards reaching 87 percent. In 2013, Pennsylvania showed great improvement by working with service centers to make first payments a priority and started a steady climb of timely first payments. Pennsylvania met the second quarter goal and in third quarter surpassed the goal by over two percentage points. For the fourth quarter of 2013, Pennsylvania again surpassed the USDOL requirement by making 88.99 percent of all first payments on time.

Unemployment Compensation for Federal Employees (UCFE)

The failure of Congress to pass a budget by Oct. 1, 2013, caused a lapse in appropriations for much of the federal government, leading to a partial federal government shutdown. On Oct. 11, 2013, the United States Department of Labor issued Unemployment Insurance Program Letter (UIPL) No. 31-13, advising state workforce agencies of the furlough status of some federal employees. These workers were placed on "furlough" status, considered unemployed and possibly eligible for unemployment benefits.

As a result of the federal government shutdown, approximately 8,000 federal workers filed for unemployment benefits in Pennsylvania. The shutdown lasted from Oct. 1, 2013 through Oct. 16, 2013. Effective Oct. 17, 2013, the Continuing Appropriations Act ended the lapse in appropriations and federal employees returned to work. The Office of Personnel Management (OPM) issued a Memorandum for Chief Human Capital Officers, stating that “an employee furloughed during the lapse in appropriations that began on Oct. 1, 2013, must now be considered to have been in a pay status from Oct. 1, 2013, until the end of the lapse in appropriations.” The Memorandum directs the payment of full compensation, “as if the work had been performed.”

As a result, the portion of the 8,000 furloughed employees who received benefits were considered overpaid with this back wage award. Claimants who receive back wage awards are issued overpayments that are non-fault and 100 percent recoupable. There is no statute of limitations for recovery of these overpayments.

Federal Emergency UC (EUC) and Pennsylvania Extended Benefits (EB) Programs

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 US 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. One hundred percent federal funding of EB was extended to March 10, 2012. The last payable week HUP EB was Feb. 4, 2012.

On Feb. 12, 2012, the “Middle Class Tax Relief and Job Creation Act of 2012” (P.L. 112-96), was signed into federal law. The act extended the expiration dates of the EUC program through the period ending Dec. 31, 2012 and provided 100 percent of federal funding of the EB program for weeks of unemployment beginning before Dec. 31, 2012. If an individual received EB with respect to one or more weeks of unemployment beginning after Feb. 17, 2009, and before Dec. 31, 2012, the federal government continued to pay 100 percent of the eligible (shareable) EB benefit costs for weeks of unemployment ending before June 30, 2013. Important aspects of the act are below.

The act eliminated the phase out period for EUC. The last payable week of EUC was Dec. 29, 2012.

There were several changes to the EUC program tier structure.

Effective for weeks of unemployment after June 1, 2012, a total unemployment rate (TUR) trigger of 6 percent was added to Tier 2, the TUR trigger was increased to 7 percent for Tier 3 and the TUR trigger was increased to 9 percent for Tier 4.

Effective for weeks of unemployment after Sept. 1, 2012, the maximum entitlement of Tier 1 was reduced to the lesser of 54 percent of the maximum regular UC entitlement or 14 times the regular UC benefit amount. For Tier 3, the maximum entitlement was reduced to 35 percent of the maximum regular UC entitlement or 9 times the regular UC benefit amount. For Tier 4, the maximum entitlement was increased to the lesser of 39 percent of the maximum regular UC entitlement or 10 times the regular UC weekly benefit amount.

The act amended the eligibility provisions to require that individuals must be able to work, available for work, and actively seeking work in order to qualify for EUC and also required states to provide reemployment services and in-person reemployment and eligibility assessments, REA. From the REA Program's inception through the week ending Dec. 28, 2013, the number of claimants scheduled for REA totaled 148,624.

In April 2012, the United States Department of Labor notified Pennsylvania that the unemployment rate had declined to a level where Pennsylvania was no longer eligible to pay Extended Benefits (EB). As a result of this trigger off, the EB Program ended in Pennsylvania. The last payable week of EB was May 12, 2012.

On Jan. 2, 2013, the "American Taxpayer Relief Act of 2012" (P.L. 112-96), was signed into federal law. The Act extended the expiration dates of the EUC program through Dec. 28, 2013. Reemployment Services and Reemployment and Eligibility Assessment (RES/REA) requirements continued and authority was extended through fiscal year 2014. The no "phase-out" period continued and the EUC program expired on Jan. 1, 2014.

From the EUC Program's inception through the week ending Dec. 28, 2013, initial EUC claims totaled 1,653,481. The number of payments issued for all tiers totaled \$41,372,924 and the total amount of EUC benefits paid totaled \$13,472,178,477, making the average weekly payment amount \$326.

UC Integrity Initiatives

Pennsylvania is continuing to undertake several new projects and initiatives to develop and implement tangible and measureable processes and procedures to prevent and detect the root causes of improper benefit payments, and to develop and implement strategies to materially reduce Pennsylvania's overall UC benefit overpayment rate. Additionally, increasing efforts are being made to increase the recovery of overpaid UC benefits.

Claimant Identity Verification

Labor & Industry uses a computer cross-match to confirm claimant information, specifically name, date of birth, and Social Security number, provided on an application for UC benefits. This cross-match helps eliminate benefit fraud and overpayments. During 2013, a total of 539,105 claimant identity verification requests were generated. Of these, 529,255, or 98.1 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.

Pennsylvania Justice Network (JNET)

Another use of technology, at minimal cost, to weed out fraud is through a cross-match system aimed to identify and stop receipt of UC benefits by individuals incarcerated in state and county prisons.

The system, known as JNET, operates in real-time to stop payments when UC claimants are incarcerated. When a new inmate enters a county prison that participates in JNET, the individual's information is automatically compared against the UC records maintained by L&I. After L&I receives and verifies the report, the individual is immediately removed from active UC benefit status, saving the UC Trust Fund and the commonwealth's businesses and employees millions of dollars.

Currently, the Office of Integrity administers the program in cooperation with L&I's Benefit Payment Control & Benefit Integrity section and the Pennsylvania Office of Administration (OA), which is home to JNET. The system became fully functional statewide January 2013. From January through December 2013, there were almost 19,000 JNET incarceration detections. Because the JNET program is largely a preventive strategy, aimed at stopping the fraud before the funds go out, it is difficult to measure the exact savings incurred. However, using the statewide average benefit rate and duration for all claimants, the estimated average savings is approximately \$6,200 for every claim stopped.

L & I Employee UC Overpayment Cross-Match

The department has initiated an internal employee UC overpayment cross-match identify and facilitate repayment from current L&I employees that have outstanding overpayments. Employees will be required to repay any overpayments where it was found that the reason for overpayment involved fraud on the part of the employee. In addition, an employee that bids

on a promotion within the department could be required to repay an overpayment based on the reason for the overpayment. If the employee agrees to repay the overpayment, they have the option to have their wages garnished in lieu of making payments. If the employee does not respond to the request for repayment, the case will be forwarded to L&I's Labor Relations department for further action. The department is implementing a similar process to determine if potential employees have UC overpayments. Repaying an overpayment could be a condition of hire, depending on the reason for the overpayment.

Individuals Filing Claims from Outside Of the Country (OOC)

In order to collect on a UC claim for any given week, a claimant must be "able and available" for work. The likelihood of a claimant filing a legitimate claim from an unauthorized internet provider, foreign IP address, or a foreign area code, is remote.

In November 2011, the Office of Integrity enlisted the assistance of the state of New York, where an established foreign IP blocking program was in place, to run a sample of PA UC claims through their software to gauge the extent of the problem. The results revealed approximately 1,000 hits for foreign IP internet claims from 115 different countries over a 30-day period.

The problem was significant enough to support an investment in software to identify claims coming from foreign internet connections. A pilot program began in March 2012 with several adjustments being made until it became fully functional in October 2012. During calendar year 2013, 6,477 foreign IP addresses were prevented from filing UC claims, which resulted in the estimated savings of several million dollars to the UC Trust Fund.

Pennsylvania New Hire Program

Under the New Hire 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 Hire 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, Form UC-1010, 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 may constitute fraud. Through the department's cross-matching with both the SDNH and the NDNH, the department detected 5,103 overpayments in UC benefits, totaling \$3.35 million, during 2013. Almost \$2.70 million in overpayments was recovered in 2013.

UC Amnesty Program

The 2013 Pennsylvania Unemployment Compensation (UC) Amnesty Program was established as part of Act 60 of 2012, which Governor Corbett signed into law on June 12, 2012. The UC Amnesty Program was directed to recoup money owed to the UC Trust Fund due to overpayment of UC benefits to claimants and underpayment of taxes by employers, and to increase public awareness of the seriousness of UC overpayments and tax liabilities. Over the past 40 years, more than 130,000 claimants had outstanding overpayments and over 40,000 employers had underpaid their taxes. The Amnesty Program gave claimants and employers an opportunity to help restore the fund by making payments on delinquent accounts, while receiving a financial incentive.

UC claimants and employers were offered a discount on penalties and interest, which they received by paying off the principal balance of their overpayments and tax delinquencies, and in some cases paying a reduced amount of principal. The amount of the discount depended on the type of liability owed.

Article XV of the Pennsylvania UC Law required the Amnesty Program to run for three consecutive calendar months. The department designated the amnesty period to run from June 1 to Aug. 31, 2013. During this three-month period, a total of 12,983 claimants and employers participated in the UC Amnesty program, generating \$15.6 million to the UC Trust Fund.

Treasury Offset Program (TOP)

On Sept. 30, 2008, the President signed Public Law 110-328, the “SSI Extension for Elderly and Disabled Refugees Act.” Among other things, this act amended federal law to permit states to recover certain UC debts due to fraud from a claimant’s federal income tax refunds under the TOP, which is administered by the United States Department of Treasury (Treasury). Amendments to the Act also allowed overpayments incurred as a result of unreported earnings to be included in TOP.

During November 2011, Pennsylvania notified nearly 9,500 claimants who had fraudulently claimed benefits totaling \$50 million, that their claims were being submitted by the department to Treasury to have their federal income tax refunds for 2011 intercepted and sent to the department to help recover their UC debts. By the end of 2012, the department was successful in collecting nearly \$9.5 million in UC benefits fraudulently collected.

Expanding its efforts, during November 2012 L&I notified nearly 18,000 claimants who had fraudulently claimed benefits totaling \$80.7 million that their 2012 federal income tax refund could be intercepted by the department to help recover their UC overpayments. The individuals notified included 2011 claimants whose names will continue to remain on the Treasury list until their UC overpayment has been repaid in full.

During 2013, L&I recovered almost \$16.8 million from 2012 tax refunds. Since the program's inception in 2011, L&I has recouped approximately \$26.2 million in fraudulent overpayments through federal tax refunds.

The department expanded the TOP program for tax year 2013/calendar year 2014. Affected claimants will include those:

- whose fraudulent overpayments of state UC benefits or state extended benefits (EB) exceed \$25.00;
- who have penalty weeks due to their fraudulent behavior;
- in which the department garnished the claimants' prior federal income tax refunds;
- in which the department filed a lien before the statutory deadline for recouping these overpayments.

In addition to the names submitted previously that were not fully recouped during 2013, the department submitted approximately 20,900 additional names to the Internal Revenue Service during January 2014. Combining the previous two years of yet-un-recouped claimant overpayments with this year's new submissions, there will be an estimated 37,000 names submitted to the TOP Program this year, thereby significantly broadening the department's efforts to recover improper payments from claimants who have incurred overpayments for various reasons.

Trade Adjustment Assistance (TAA)

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 help return workers to suitable employment.

On Oct. 21, 2011, President Obama signed the "Trade Adjustment Assistance Extension Act of 2011" (TAAEA) (Public Law 112-40). The Trade Act of 2011 applied to petitions filed Feb. 15, 2011 through Dec. 31, 2013. Under the sunset provisions of the Trade Act of 2011, on Dec. 31, 2013, the program reverted to a modified version of the Trade Act of 2002 (2002 Act) known as Reversion 2014. Reversion 2014 combines the 2002 Act with the following provisions of the 2011 Act:

- Additional TRA will continue to be available for up to 65 weeks in a 78 week eligibility period.
- Completion TRA will continue to be available instead of Remedial TRA.
- The Basic TRA eligibility period may not be extended beyond 104 weeks.
- Waivers for enrollment in training deadlines will continue to only be issued in cases of health issues, if training will not begin right away, or if suitable training is not available.

All other provisions of the 2002 Act remained intact. Any petitions filed with the U.S. Department of Labor after Dec. 31, 2013 will fall under Reversion 2014 and will be assigned TAW numbers of 85,000 and above. Reversion 2014 does not affect petitions or certifications under previous versions of the Trade Act. Therefore, four Trade programs will run concurrent with one another in 2014, each with distinct benefits and eligibility requirements. Identifying which version of the Trade Act a petition or certification falls under can be determined by the TAW number which is assigned according to the filing date of the petition.

During 2013, 70 TAA petitions were certified under the Trade Act of 2011. As a result, 6,740 workers were notified of their eligibility to apply for TAA. During this period, approximately \$8.7 million of TRA benefits were paid.

Under the sunset provisions of the Trade Act of 2011, the HCTC program expired Jan. 1, 2014, and the tax credit is no longer available. HCTC was a tax credit that covered 72.5 percent of the premium amount paid by eligible individuals who were receiving TAA and individuals receiving benefits from the Pension Benefit Guaranty Corporation for qualified health insurance coverage. During calendar year 2013, the department transmitted a monthly average of 3,858 potentially eligible TRA recipients to the program administrator for the Internal Revenue Service (IRS). Of these individuals, an average of 1,450 individuals per month were enrolled and received a payment for the tax credit.

The Reemployment Trade Adjustment Assistance (RTAA) program and the Alternative Trade Adjustment Assistance (ATAA) program for Older Workers (over 50 years old) permit workers to receive up to \$10,000 over a two-year period. In 2013, 650 claimants were paid RTAA benefits and one claimant was paid ATAA benefits, for a total of \$2,073,879.

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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
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 ²	14,038	22,480
2011	35	800-812	1,320	573 ²	14,263	22,840
2012	35	800-812	1,320	573 ²	14,263	22,840
2013	70	1,688-1,712	3,391	573 ³	14,263	28,292 ⁴

Source: Pennsylvania Department of Labor & Industry

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

²In 2005, 2006, 2010, 2011, and 2012 all weekly benefit checks were subject to a 2.3 percent reduction. For example, a \$252 weekly benefit rate was reduced to \$246.

³In 2013, all weekly benefit rates were subject to a 1.7 percent reduction. For example, a \$252 weekly benefit rate was reduced to \$247.

⁴The amount shown applies to high quarter wages of \$14,263. At least 49.5 percent of wages must be earned outside of the high quarter.

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
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
2012	3.9	1,425,970	754,558	11,006,537	682,125
2013	3.3	1,321,351	724,184	9,458,412	602,372

Source: Pennsylvania Department of Labor & Industry

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
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
2012 ¹	502,647	204,218	8,980,732	2,859,609,695	348.27	17.9
2013 ¹	442,654	172,727	7,834,254	2,547,295,286	359.81	17.7

Sources: Pennsylvania Department of Labor & Industry
US Bureau of Public Debt

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

²The 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
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
2012	275,980	131,646	144,334
2013	246,174	119,524	126,650

Source: Pennsylvania Department of Labor & Industry

¹Includes 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 ¹	BREAKDOWN OF AVERAGE TAX RATE ¹	
			PORTION EXPERIENCE RATED	PORTION NOT EXPERIENCE RATED
1993	8,000	4.8 %	51 %	49 %
1994	8,000	5.0	52	48
1995	8,000	4.8	55	45
1996	8,000	4.2	59	41
1997	8,000	4.0	62	38
1998	8,000	3.8	61	39
1999	8,000	3.8	62	38
2000	8,000	3.7	61	39
2001	8,000	3.7	60	40
2002	8,000	3.7	61	39
2003	8,000	4.2	61	39
2004	8,000	5.1	57	43
2005	8,000	5.4	56	44
2006	8,000	5.4	56	44
2007	8,000	5.0	56	44
2008	8,000	4.7	58	42
2009	8,000	4.6	57	43
2010	8,000	5.6	57	43
2011	8,000	6.5	57	43
2012	8,000	6.6	60	40
2013	8,500	6.6	56	44

Source: Pennsylvania Department of Labor & Industry

¹Data for fourth quarter of 2013 are preliminary.

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. In 2013, the taxable wage base was \$8,500.

Contributions Due

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

SUMMARY OF TAX RATES BY INDUSTRY FOR 2013¹
(Dollars in Millions)

MAJOR SECTOR	NUMBER CONTRIBUTORY EMPLOYERS	AVERAGE TAX RATE	TOTAL PAYROLL	TAXABLE PAYROLL	CONTRIBUTIONS DUE
Natural Resources and Mining	3,219	6.1 %	\$3,601	\$653	\$40
Construction	29,475	9.3	12,819	2,734	253
Manufacturing	13,830	7.6	36,492	5,890	449
Trade, Transportation, and Utilities	58,115	6.2	45,019	10,254	637
Information	3,350	7.4	5,931	829	61
Financial Activities	18,773	6.3	24,027	3,126	196
Professional and Business Services	54,917	7.0	42,914	7,013	490
Education and Health Services	47,454	5.8	20,529	4,817	277
Leisure and Hospitality	28,508	5.8	9,876	4,514	260
Other Services	30,113	5.4	4,772	1,405	76
Local Government	1,220	5.8	775	196	11
TOTAL	281,810	6.6 %	\$206,754	\$41,431	\$2,751

Source: Pennsylvania Department of Labor & Industry

¹Data for fourth quarter of 2013 are preliminary.

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
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	236,276	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	259,492	5,443,618	184,042,135,595	38,648,909,978
2001	265,451	5,442,944	189,076,552,731	38,418,405,066
2002	268,723	5,396,047	191,748,701,127	37,612,959,735
2003	271,459	5,363,633	196,855,782,949	37,239,889,015
2004	275,853	5,390,750	206,119,193,758	37,766,495,714
2005	280,394	5,446,514	214,210,346,757	38,291,369,992
2006	284,770	5,502,645	225,612,061,613	38,839,811,010
2007	289,289	5,549,120	237,997,366,817	39,556,490,803
2008	287,417	5,554,566	244,561,264,585	39,345,958,986
2009	285,010	5,363,287	238,327,258,507	36,878,066,196
2010	284,682	5,362,687	243,186,797,577	37,298,262,921
2011	307,613	5,432,412	253,351,180,050	38,471,034,196
2012	306,408	5,478,189	263,136,863,490	39,041,928,054
2013	302,987	5,500,711 ²	268,073,135,925 ²	41,430,817,484 ²

Source: Pennsylvania Department of Labor & Industry

¹As of December 31 of each year. Includes contributory and reimbursable employers.

²Data for fourth quarter of 2013 are preliminary.

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 UC 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 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
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	0.4	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	0.60	230	0.08	195	2.3	86
2011	29	5.8	116	0.65	236	0.08	203	2.3	72
2012	0	5.8	133	0.65	250	0.08	209	2.3	67
2013	0	5.1	100	0.65	255	0.07	189	1.7	44

Source: Pennsylvania Department of Labor & Industry

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

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

³Amount 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

Employer and Employee 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.

UC 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 federal loans at the end of the calendar year.

UC Bond Balance

Total outstanding UC bond balance 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	UC BOND BALANCE
1994	\$1,879,618,000	\$1,556,280,000	\$1,491,261,000	\$0	\$0
1995	1,842,669,000	1,573,785,000	1,879,920,000	0	0
1996	1,589,414,000	1,602,333,000	2,002,263,000	0	0
1997	1,483,977,000	1,429,864,000	2,199,308,000	0	0
1998	1,471,416,000	1,417,968,000	2,410,055,000	0	0
1999	1,469,814,000	1,450,836,000	2,596,412,000	0	0
2000	1,490,359,000	1,463,846,000	2,802,479,000	0	0
2001	1,458,548,000	2,128,215,000	2,314,313,000	0	0
2002	1,465,332,000	2,639,703,000	1,710,128,000	0	0
2003	1,690,395,000	2,686,940,000	761,931,000	0	0
2004	2,136,803,000	2,272,460,000	613,986,000	0	0
2005	2,374,444,000	2,039,148,000	980,813,000	0	0
2006	2,426,901,000	2,030,681,000	1,383,464,000	0	0
2007	2,348,476,000	2,149,766,000	1,545,652,000	0	0
2008	2,171,544,000	2,754,579,000	981,162,000	0	0
2009	2,084,405,000	4,828,715,000	116,777,000	1,871,458,000	0
2010	2,476,501,000	3,606,521,000	94,082,000	3,008,615,000	0
2011	2,786,242,000	3,023,271,000	40,007,000	3,234,745,000	0
2012	2,949,685,000	2,859,610,000	164,275,000	0	2,827,405,000
2013	2,645,118,000	2,547,295,000	263,121,000	0	2,571,740,000

Sources: Pennsylvania Department of Labor & Industry
US Bureau of Public Debt

¹Liability for employee contributions occurred from January 1984 through 1988, January 1992 through 1996 and January 2003 through 2013. Revenue received from 1989-1991 and from 1997-2002 pertains to residual activity from prior years in which liability was effective.

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

³Trust Fund Balances include Title XII Loans (Federal Advances) and 2012 Unemployment Compensation Revenue Bonds.

DEFINITIONS FOR EXTENDED AND EMERGENCY UC 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 CLAIMED	NONMONETARY DETERMINATIONS		
				TOTAL	INELIGIBLE	ELIGIBLE
2010	162,009	156,066	1,218,263	5,226	2,420	2,806
2011	198,506	187,341	1,527,637	7,176	3,244	3,932
2012	49,704	47,554	447,468	3,493	2,278	1,215

Source: Pennsylvania Department of Labor & Industry

¹The Extended Benefits (EB) period began the week ending February 21, 2009 and ended the week ending May 12, 2012. 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 CLAIMED	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

Source: Pennsylvania Department of Labor & Industry

¹Temporary Extended Unemployment Compensation (TEUC) period began the week ending March 23, 2002 and ended the week ending April 3, 2004. TEUC for displaced airline and related industry workers ended the week ending 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 CLAIMED	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	183,336	1,761,127	11,921	5,717	6,204
2009	416,051	344,489	7,679,747	20,045	9,039	11,006
2010	327,193	239,283	12,239,635	21,082	9,273	11,809
2011	309,920	206,570	8,649,839	47,611	23,232	24,379
2012	247,647	158,878	6,789,483	38,104	23,960	14,144
2013	222,721	132,099	5,022,989	45,844	30,644	15,200

Source: Pennsylvania Department of Labor & Industry

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

²Estimated

DEFINITIONS FOR EXTENDED BENEFITS, TEMPORARY EXTENDED AND EMERGENCY UC 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
2010	86,621	48,581	1,371,190	\$455,389,873	\$338.64
2011	103,528	57,190	1,720,157	583,914,988	346.63
2012	34,328	49,128	550,835	184,988,980	343.12

Source: Pennsylvania Department of Labor & Industry

¹The Extended Benefits (EB) period began the week ending February 21, 2009 and ended the week ending May 12, 2012. Data include UC, UCFE, and UCX claims and determinations.

Temporary Extended Unemployment Compensation Payment Activities

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

Source: Pennsylvania Department of Labor & Industry

¹Temporary Extended Unemployment Compensation (TEUC) period began the week ending March 23, 2002 and ended the week ending April 3, 2004. TEUC for displaced airline and related industry workers ended the week ending January 1, 2005. Data include UC, UCFE, and UCX claims and determinations.

Emergency Unemployment Compensation Payment Activities

YEAR ¹	FIRST PAYMENTS	FINAL PAYMENTS	WEEKS PAID	BENEFITS PAID	AVERAGE WEEKLY BENEFIT AMOUNT
EUC 1991					
1991	75,371	0	271,949	\$52,049,733	\$191.40
1992	232,412	72,307	5,167,281	986,242,398	190.86
1993	259,655	169,533	5,250,899	1,014,625,298	193.23
1994	27,465	62,362	719,399	129,990,652	180.69
EUC 2008					
2008	143,556	43,992	1,692,947	\$529,118,048	\$318.87
2009	593,062	346,007	7,687,253	2,517,699,653	334.32
2010	1,114,067	985,212	12,521,187	4,176,346,738	340.47
2011	615,576	525,817	8,433,988	2,782,242,718	338.21
2012	419,649	382,839	6,390,281	2,116,349,379	341.74
2013	361,188	322,791	4,681,221	1,450,435,550	321.10
2013					
Tier I	130,031	121,508	1,983,128	\$610,385,757	\$318.46
Tier II	126,846	104,235	1,714,074	538,106,212	325.96
Tier III	104,311	97,048	984,019	301,943,581	317.91

Source: Pennsylvania Department of Labor & Industry

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

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
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	12,281	6,086	5,831	255	4.2
2001	12,299	6,168	5,874	293	4.8
2002	12,331	6,218	5,869	349	5.6
2003	12,375	6,145	5,796	349	5.7
2004	12,411	6,197	5,860	337	5.4
2005	12,450	6,270	5,958	312	5.0
2006	12,511	6,308	6,021	287	4.5
2007	12,564	6,330	6,054	276	4.4
2008	12,612	6,450	6,105	345	5.3
2009	12,667	6,406	5,898	509	7.9
2010	12,702	6,392	5,851	541	8.5
2011	12,744	6,397	5,885	512	8.0
2012	12,764	6,466	5,954	513	7.9
2013	12,774	6,460	5,982	478	7.4

2013					
JAN	n/a	6,490	5,987	503	7.8 %
FEB	n/a	6,489	5,990	500	7.7
MAR	n/a	6,488	5,991	496	7.7
APR	n/a	6,483	5,991	492	7.6
MAY	n/a	6,474	5,986	488	7.5
JUN	n/a	6,465	5,978	486	7.5
JUL	n/a	6,457	5,971	486	7.5
AUG	n/a	6,449	5,969	480	7.4
SEP	n/a	6,440	5,971	469	7.3
OCT	n/a	6,430	5,976	454	7.1
NOV	n/a	6,427	5,982	445	6.9
DEC	n/a	6,424	5,990	434	6.8

Sources: Pennsylvania Local Area Unemployment Statistics (LAUS)
US Bureau of the Census

¹The 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.

²Monthly data are seasonally adjusted. Data may not add to totals due to rounding. Labor force statistics reflect March 7, 2014 revision.