Maximum Weekly Unemployment Compensation Benefit Rate

The maximum weekly unemployment compensation (UC) rate for calendar year 2015 is $573. This maximum rate is frozen at $573 for calendar years 2013 through 2019 in accordance with the Pennsylvania (PA) UC Law, as amended by Act 60 of 2012. In addition to the $573 per week, claimants may be entitled to $8 per week for two or more dependents, providing for a maximum weekly benefit amount, with dependent allowances, of $581.

However, because the balance in the UC Trust Fund is below the target solvency level set by statute, a benefit reduction of 1.7 percent is in effect for calendar year 2015. Therefore, the 1.7 percent adjustment reduces the maximum weekly UC rate without dependent allowances from $573 to $563 and the maximum weekly UC rate with dependent allowances from $581 to $571.

Important Change to How You Report Credit Weeks for Unemployment Compensation Purposes

Under the PA UC Law, “credit weeks” are used by the department to determine how many weeks of UC benefits an individual may receive. Under Section 4(g.1) of the PA UC Law, a “credit week” means any calendar week in an individual’s base year for which he or she was paid a minimum amount of remuneration in covered employment. Effective Jan. 1, 2015, the minimum amount of remuneration needed for a calendar week to qualify as a credit week is increased from $100 to sixteen times the state minimum hourly wage. The current PA minimum wage is $7.25, and sixteen times that amount is $116. Therefore, for benefit years that begin on or after Jan. 4, 2015, a calendar week will qualify as a credit week if an individual earns at least $116.

Beginning with the second quarter of 2014 (April 1, 2014 through June 30, 2014), employers were instructed to begin reporting a credit week as any calendar week in which an employee earns $116 or more. Accurate reporting of credit weeks ensures that only employees with the required attachment to the workforce are financially eligible for UC benefits.

Please share this information with the individual responsible for filing your quarterly UC tax and wage reports (UC-2/UC-2A). Please call the employer hotline at 866-223-4718 with questions.

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A More Efficient System to Help Expedite UC Claims

The Department of Labor & Industry (L&I) is partnering with the United States Department of Labor (USDOL) to provide a solution to help businesses efficiently and accurately respond to UC information requests and to speed the processing of claims.

The State Information Data Exchange System (SIDES) and SIDES E-Response offers employers a free, secure, electronic and nationally-standardized format to better anticipate and supply the data needed to respond to UC information requests, reduce follow-up phone calls and streamline UC response processes.

Both systems are designed to meet the unique needs of businesses large and small. For employers and TPAs that handle a large volume of UC information requests, SIDES provides an automated, computer-to-computer interface between employers’ and TPAs’ IT systems and state agency networks.

For employers with a limited number of UC claims, the SIDES E-Response website provides an easy and efficient way to respond to information requests from the state UC program.

SIDES addresses two of the largest causes of UC overpayments: a lack of accurate information about employee separations and working while receiving UC benefits. The state’s UC system sends a request to a claimant’s former employer to provide the reason for job separation, reducing unnecessary appeals by obtaining timely and accurate information and ensuring proper benefit payments. To learn more about SIDES and SIDES E-Response, visit [www.dli.state.pa.us](http://www.dli.state.pa.us) or [http://info.uisides.org](http://info.uisides.org).

Work Opportunity Tax Credit Extension

President Obama signed HR 5771, the Tax Increase Prevention Act of 2014 into law, which extended the Work Opportunity Tax Credit for one calendar year and expired Dec. 31, 2014. Pennsylvania will begin processing 2014 applications as soon as the USDOL provides states with formal guidance.

Since the tax credit program was not extended beyond 2014, we are once again asking employers and consultants to continue to enter their 2015 applications online via our website [www.cwds.pa.gov](http://www.cwds.pa.gov) or by mail to the address below until states receive further guidance on the program extension beyond Dec. 31, 2014. This will ensure that if there are changes to the status of the program, applications will still adhere to the Internal Revenue Service 28-day timely submittal requirement and not be denied certification because they were submitted untimely.

PA Dept. of Labor & Industry
Attn: Tax Credit Services, 12th Flr.
651 Boas Street
Harrisburg, PA 17121

If you have any questions about the Work Opportunity Tax Credit program, please call 800-345-2555.

How Will Unemployment Claims Affect My Contribution Rate?

If an employer qualifies for an experience-based contribution rate, the employer’s rate is a reflection of the employer’s UC history from the date the employer became subject to the PA UC Law. An experience rate takes into consideration wages paid by the employer and reported to the department, contributions paid to the UC Fund and benefits that are charged to the employer’s reserve account.

Under the UC contribution rate formula, benefits charged to an employer’s account put upward pressure on the employer’s rate for subsequent calendar years.
How Will Unemployment Claims Affect My Contribution Rate? continued from page 2

The extent that UC benefit charges may affect an employer’s rate depends on the amount of the charges in relation to other values that have a favorable impact on a contribution rate. If the amount of the benefit charges is high in comparison to the size of the employer’s payroll or the amount of contributions the employer has paid to the UC Fund, the benefit charges will have a greater impact on the employer’s rate.

One component of an experience rate is the “reserve ratio factor.” This is the ratio of an employer’s reserve account balance to his average payroll for the most recent three fiscal years. The higher the reserve ratio, the lower the employer’s rate. An employer’s reserve account balance is determined by subtracting the benefits charged to the employer from the amount of contributions paid by the employer, over the lifetime of the employer’s UC account. Benefit charges decrease the employer’s reserve account balance and lower the reserve ratio, which can result in a higher contribution rate.

Another rate component is the “benefit ratio factor.” This is the ratio of the employer’s average benefit charges to his average payroll, both for the most recent three fiscal years. The higher the benefit ratio, the higher the employer’s rate. Benefit charges directly increase the benefit ratio and thus can raise the employer’s contribution rate.

The benefit ratio factor looks only at benefit charges for the most recent three fiscal years. Therefore, benefit charges cease to affect the benefit ratio factor when they are no longer within this three fiscal year period. However, the reserve account balance is a lifetime figure. Benefit charges never leave the calculation of the employer’s reserve account balance, but their impact can be diminished over time if the employer’s future contributions exceed his future charges.

Important Tax Facts for 2015

The Office of UC Tax Services mailed the Pennsylvania Contribution Rate Notice for calendar year 2015, Form UC-657, on Dec. 31, 2014. Employers who received their 2015 UC Contribution Rate Notice with this mailing date will have the following important tax deadlines:

- Jan. 30, 2015, was the last day to file a timely Voluntary Contribution to lower the 2015 contribution rate. (A Voluntary Contribution must be filed within 30 days from the mailing date of the UC Contribution Rate Notice or no later than April 30, 2015, whichever is earlier.)

- March 31, 2015, is the last day to file a timely rate appeal to the contribution rate reflected on the UC Contribution Rate Notice. (A timely rate appeal must be filed within 90 days of the mailing date of the UC Contribution Rate Notice.) Please note that the surcharge adjustment, additional contributions and interest factor are not appealable items.

- April 30, 2015, is the last day to file a timely election for a Debit Reserve Account Balance Adjustment.

Employers who received a 2015 UC Contribution Rate Notice with a mailing date other than Dec. 31, 2014, will need to adjust these deadlines according to the instructions on the reverse side of the form.

Taxable Wage Base and State Adjustment Factor

As part of the Act 60 amendments to the PA UC Law, the taxable wage base for employer contributions will be increasing each year from 2013 through 2018. At the same time, the maximum state adjustment factor has been decreased from 1.5 percent to 1.0 percent through 2016 and will decrease further thereafter. The following chart lists the taxable wage base and state adjustment factor amounts beginning 2012:
Important Tax Facts for 2015, continued from page 3

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Taxable Wage Base for Employer Contributions (per employee per year)</th>
<th>Maximum State Adjustment Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 and prior</td>
<td>$8,000</td>
<td>1.5%</td>
</tr>
<tr>
<td>2013</td>
<td>$8,500</td>
<td>1.0%</td>
</tr>
<tr>
<td>2014</td>
<td>$8,750</td>
<td>1.0%</td>
</tr>
<tr>
<td>2015</td>
<td>$9,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$9,500</td>
<td>1.0%</td>
</tr>
<tr>
<td>2017</td>
<td>$9,750</td>
<td>0.85%</td>
</tr>
<tr>
<td>2018 and thereafter</td>
<td>$10,000</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

The following solvency measures will be in effect for 2015:

**Employer Taxes**

**A 5.1 percent (.051) surcharge on employer contributions, unchanged from 2014.** The surcharge adjustment is computed by multiplying your basic rate by the 5.1 percent surcharge. The surcharge adjustment does not apply to reimbursable employers.

**A 0.65 percent (.0065) additional employer contribution, unchanged from 2014.** The additional contribution is added to your tax rate as adjusted by the surcharge. The additional contribution is not applicable to non-delinquent newly liable and reimbursable employers.

**A 1.1 percent (.011) interest factor, unchanged from 2014.** Due to the passage of Act 60 of 2012, since 2013 the interest factor is being used to fund the payment of bond obligations. It may also be used to fund payment of interest on federal loans, although Pennsylvania does not currently have a federal loan balance. The interest factor is not applicable to non-delinquent newly liable employers. Also, it is not credited to the employer’s reserve account nor considered for federal certifications.

**Employer Taxes Example:**

<table>
<thead>
<tr>
<th>Basic Rate</th>
<th>Surcharge</th>
<th>Additional Contributions</th>
<th>Interest Factor</th>
<th>2015 Total Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.0210</td>
<td>+ (.0210 x .051 = .001071)</td>
<td>+ .0065</td>
<td>+ .011</td>
<td>= 0.39571</td>
</tr>
</tbody>
</table>

**Employee Contributions**

**A 0.07 percent (.0007) tax on employee wages, or 70 cents on each $1,000 paid, unchanged from 2014.** Employee withholding contributions are submitted with each UC-2/2A quarterly report. Employee withholding applies to the total wages paid in 2015. It is not limited to the $9,000 taxable wage base for employer contributions. Failure to withhold or remit this employee tax could result in interest charges and may affect your contribution rate for subsequent years.

**Benefit Reduction**

**A 1.7 percent (.017) benefit reduction, unchanged from 2014.** With few exceptions, the weekly UC benefit amount for all claimants will be reduced by 1.7 percent.

Information on penalties and interest for unpaid UC taxes will be available online in the near future at [www.dli.state.pa.us](http://www.dli.state.pa.us). To access this information, select “Employers,” then “Unemployment Compensation,” then “Filing Information,” and then select “Calculating Contributions, Penalties & Interest.”

If you have any questions concerning this information, please contact the Employer Contact Center at 866-403-6163 Monday through Friday from 8 a.m. until 4:30 p.m.
The Pennsylvania New Hire Reporting Program

The Pennsylvania New Hire Reporting Program was established in 1998 in accordance with federal and state law, and mandates that all employers report basic information about all newly hired and re-hired employees. Administered by the Center for Workforce Information & Analysis (CWIA) within L&I, the Pennsylvania New Hires Reporting Program aids in the collection of child support from non-custodial parents. Information provided by employers is matched against files containing the names of non-custodial parents who owe child support. When a match occurs, a notice is immediately sent notifying the employer to withhold child support, thus expediting child support payments. For calendar year 2014, nearly $21.5 million in child support collections was collected due to the new hire cross match. Since 2010, child support collections activity from wage garnishments issued to obligors totaled $134.5 million through December 2014, an average of $2.2 million per month!

Data collected from the Pennsylvania New Hire Reporting Program is also used to detect fraud in the UC and Workers’ Compensation programs. Since 1998, this matching process has identified in excess of 76,500 UC fraud overpayments resulting in the recovery of $33.5 million.

CWIA continues to increase public awareness of the New Hire Program (and increase employer compliance with reporting laws) by conducting outreach meetings with employers at local CareerLink® offices, partnering with the Department of Human Services at the local level through the Office of Child Support Enforcement, and educating and informing both the public and employers about the importance of reporting new hires.

To learn more about the New Hire Reporting Program and reporting process, please visit www.CWDS.pa.gov and click on the “Report New Hires” hyperlink under the Employers section of the page.

Questions & Answers

**Question:** Are the services of an elected official excluded under the UC Law?
**Answer:** Yes. The UC Law excludes services performed by elected officials from “employment.”

**Question:** Are the services of an appointed official excluded?
**Answer:** No. The UC Law does not contain an exclusion for appointed officials; however, services performed by the following individuals are not covered under the UC Law:
- Individuals serving in positions which are designated as a major non-tenured policy-making or advisory position; and
- Individuals serving in positions which are designated as a policy-making position the performance of the duties of which ordinarily does not require more than eight hours per week.