



## **Unemployment Compensation (UC) Question and Answer Section**

### **What is PSAB's UC Plan?**

PSAB's UC Plan is a municipal unemployment compensation group insurance fund. It is sponsored and administered by PSAB. The Plan is supervised by twelve Trustees who are local government officials, appointed by the President of PSAB. The Plan has more than 630 participants that covers over 15,000 municipal employees.

### **Why did PSAB establish a UC Plan for its members?**

Over the years, UC costs have increased dramatically. Realizing the need for an alternative, the Board of Directors established a better option for your UC needs.

### **Are elected officials covered?**

All elected officials are exempt from UC Tax.

### **What is PA UC Law?**

It is an Act. Establishing a system of unemployment compensation to be administered by the Department of Labor and Industry and its existing and newly created agencies with personnel (with certain exceptions) selected on a civil service basis; requiring employers to keep records and make reports, and certain employers to pay contributions based on payrolls to provide monies for the payment of compensation to certain unemployed persons; providing procedure and administrative details for the determination, payment and collection of such contributions and the payment of such compensation; providing for cooperation with the Federal Government and its agencies; creating certain special funds in the custody of the State Treasurer; and prescribing penalties.

### **What is the purpose of the PA UC Law?**

The Law was enacted to lessen the financial hardships of unemployed workers by paying benefits over a limited period of time.

### **Which Agency administers UC Law?**

The PA Department of Labor & Industry administers the program.

### **What does UC provide to the claimants?**

The Law provides funds be set aside to be used as compensation for loss of wages by employed workers during periods when workers become unemployed through no fault of their own. UC is insurance. It is not based on needs. UC payments are made to persons who qualify. Persons who fail to meet all the qualifying requirements are ineligible to receive compensation. UC payments are called "benefits". Compensation is payable to partially unemployed person as well as totally unemployed persons.

### **When can someone file a UC claim?**

Anyone can file a claim at any time for any reason. It's up to the state to determine eligibility. The state reviews each case and awards benefits based on qualifying separation, being able to, available for as well as actively seeking work.

### **The claimant hasn't worked for us for more than a year, why would we be responsible for a claim/charge for this person?**

An employer can be responsible for a claimant's benefits for up to 18 months after becoming unemployed. The state calculates UC by determining what and when employers paid wages to a claimant. The state using the first four of the last five completed calendar quarters preceding the filing date of the claim. If your municipality paid any wages during those four quarters (the base year), the municipality could be responsible for all, or a percentage of, the benefits paid to the claimant.

### **Why do employers get such a short notice on requests for information or notification on hearings?**

The state is only required to give a certain amount of notice per statute. For instance, the state is only required to mail hearing notices 7 to 10 days prior to the scheduled hearing date. Weekends are included in that count.

### **The person was a seasonal employer and knew the job was going to end, why are they being allowed to collect benefits?**

Anytime assignment(s) are completed it is considered lack of work whether the claimant knew the assignment would end or not. When there is not continuing work available, they are eligible to receive UC benefits according to the UC Law unless they are crossing guards and you have an Educational Service Agency (ESA) established. If you have an ESA then reasonable assurance may apply if it's during the summer months.

### **For ESA information:**

Section 402.1. Benefits Based on Service for Educational Institutions.

Benefits based on service for educational institutions pursuant to Article X, XI or XII shall as hereinafter provided be payable in the same amount, on the same terms and subject to the same conditions as outlined in section 404(g); except that:

(1) With respect to service performed after December 31, 1977, in an instructional, research, or principal administrative capacity for an educational institution, benefits shall not be paid based on such services for any week of unemployment commencing during the period between two successive academic years, or during a similar period between two regular terms whether or not successive or during a period of paid sabbatical leave provided for in the individual's contract, to any individual if such individual performs such services in the first of such academic years or terms and if there is a contract or a reasonable assurance that such individual will perform services in any such capacity for any educational institution in the second of such academic years or terms.

(2) With respect to services performed after October 31, 1983, in any other capacity for an educational institution, benefits shall not be paid on the basis of such services to any individual for any week which commences during a period between two successive academic years or terms if such individual performs such services in the first of such academic years or terms and there is a reasonable assurance that such individual will perform such services in the second of such academic years or terms. (*Amended July 21, 1983, P.L.68, No. 30*)

(3) With respect to any services described in clause (1) or (2), benefits payable on the basis of such services shall be denied to any individual for any week which commences during an established and customary vacation period or holiday recess if such individual performed such services in the period immediately before such vacation period or holiday recess, and there is a reasonable assurance that such individual will perform such services in the period immediately following such vacation period or holiday recess. (4) With respect to weeks of unemployment beginning after January 1, 1979, benefits shall be denied to an individual who performed services in or near an educational institution while in the employ of an educational service agency for any week which commences during a period described in clauses (1), (2) and (3) if such individual performs any services described in clause (1) or (2) in the first of such periods, as specified in the applicable clause, and there is a contract or a reasonable assurance, as applicable in the appropriate clause, that such individual will perform such services in the second of such periods, as applicable in the appropriate clause. For purposes of this clause the term "educational service agency" means a governmental agency or governmental entity which is established and operated exclusively for the purposes of providing such services to one or more educational institutions. A political subdivision or an intermediate unit may establish and operate such an educational service agency. Nothing contained in this section shall be construed to modify existing collective bargaining units organized under the provisions of the act of July 23, 1970 (P.L.563, No.195), known as the "Public Employee Relations Act," unless specifically agreed to by both the employer and employee representatives. (5) With respect to an individual who performs services described in clause (2) of this section and who pursuant to clause (2) or (4) of this section is denied benefits for the period between academic years or terms, such individual if he is not offered an opportunity to perform such service in the second of such academic years or terms shall be paid benefits for the period which commences with the first week he was denied benefits solely by the reason of clause (2) or (4) of this section, provided he had filed timely claims for benefits throughout the denial period and was otherwise eligible for benefits. (5) added July 21, 1983, P.L.68, No.30) (402.1 amended Dec. 12, 1979, P.L.503, No.108)

**65.161. Reasonable assurance.**

(a) For purposes of section 402.1 of the law (43 P. S. § 802.1), a contract or reasonable assurance that an individual will perform services in the second academic period exists only if both of the following conditions are met:

(1) The educational institution or educational service agency provides a bona fide offer of employment for the second academic period to the individual.

(2) The economic terms and conditions of the employment offered to the individual for the second academic period are not substantially less than the terms and conditions of the individual's employment in the first academic period.

(b) For the purposes of subsection (a), an offer of employment is not bona fide if both of the following conditions exist:

(1) The educational institution or educational service agency does not control the circumstances under which the individual would be employed.

(2) The educational institution or educational service agency cannot provide evidence that the individual or similarly situated individuals normally perform services in the second academic period.

(c) For the purposes of subsection (a), economic terms and conditions of employment include wages, benefits and hours of work.

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Reasonable Assurance There is a rule called 'reasonable assurance' regarding schools. This means that you worked for a school in the prior academic year or term or prior to a holiday break and have reasonable assurance of working for a school afterwards. When this happens, the school wages will need to be removed, whether you have only school wages or school wages and non-school wages, so that your unemployment benefits are not based on these wages. Sometimes this allows you to continue to collect benefits and sometimes it causes you to be ineligible. There is not much recourse here unless you can prove that you do not have reasonable assurance of returning to work for a school after the break. It is possible to

appeal this and win if you can prove your case.

### **Why didn't we receive notice on a claimant but are being charged for a claim?**

If you fall under the base period but you are not the separating employer, you may not have received notification of the benefits.

### **How does PSAB's UC Plan work?**

Each participating municipal employer pays a contribution rate of their base payroll per employee for 2018 and thereafter is \$10,000. From the contributions, the Plan establishes a reserve in which claims are paid. Participants can view their claim activity online. The activity reports list the reason(s) for the claim, amount of the claim paid-to-date and potential maximum amount of the claim.

### **Who is eligible to join PSAB's UC Plan?**

Any member municipality is eligible. You will need to submit the proper enrollment forms that will be provided to you by PSAB. Contact Deb Janney at [djanney@boroughs.org](mailto:djanney@boroughs.org) or 800-232-7722, Ext. 1025.

### **Does PSAB have an online reporting option?**

Yes, your information is stored on a secure server and it is easy to use. We also have an electronic transfer option through PLGIT. [Click here for a free demo.](#)

### **Do I still have to file an employee withholding UC quarterly tax to L & I?**

Yes, reimbursable employers are required to file the quarterly wage report and make the payment on the employee UC tax portion at [www.uctax.pa.gov](http://www.uctax.pa.gov). If you utilize a payroll company, ensure it is filing and paying this on behalf of the municipality.

### **Do municipalities pay FUTA Tax?**

No, according to UC Law. See special rules on the IRS web site. [Click here.](#)

### **Are contracted employees covered?**

No, anyone receiving a 1099 form vs. a W2 form would not be covered by the municipality.

### **What is a credit week?**

(g.1) "Credit week" means any calendar week in an individual's base year with respect to which he was paid in employment as defined in this act, remuneration of not less than:

(1) One hundred dollars (\$100). This paragraph shall expire on December 31, 2014.

(2) Sixteen (16) times the minimum hourly wage required by the act of January 17, 1968 (P.L.11, No.5), known as "The Minimum Wage Act of 1968." This paragraph shall take effect January 1, 2015. Only one credit week can be established with respect to any one calendar week.

(g.1) amended June 20, 2011, P.L.16, No.6)

[Click here for more information on this part of the law.](#)

### **What does base period mean?**

In PA, the base period is the first four of the last five completed calendar quarters.

## **Who are PSAB's UC Claims Administrators?**

Corporate Cost Control (CCC), is a national unemployment compensation company that provides a local office and presence to administer UC Claims. PSAB's Trustees selected CCC to help you manager your UC benefit charges.

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### **If you are in PSAB's UC Plan, how are appeals and hearings handles?**

CCC will protest questionable claims and improper determinations, while consulting with the municipality in each case. All charges against the municipality's account will be audited and inaccurate charges will be protested. Employers must submit separation forms to CCC each time an employee separates employment.