

Solvency Fee Talking Points

For use when discussing this issue with your legislators.

- The solvency fee is an optional fee for reimbursable employers (municipalities and non-profits) who pay unemployment claims as they go. As opposed to contributory employers (for-profit) who contribute each pay period to future claims.
- If a reimbursable employer has little to no history of unemployment claims, it does not make financial sense to pay the fee.
- The fee is based on a fiscal year's gross wages x .0018.
- Pennsylvania's Act 9 connects payment of the 2020 solvency fee and COVID-19 related unemployment claims.
- Act 9 states if the fee has not been paid, a reimbursable employer is not eligible for full reimbursement of COVID -19 related claims, but only 50%.
- Contributory employers are treated differently, receiving full compensation for COVID-19 related claims from federal funds.
- The unplanned expenses incurred by municipalities in laying off employees because of COVID-19 is a burden that will only result in further exacerbating the current budgetary crisis municipalities are facing.
- We believe the intent of the federal legislation was to treat all employers equally in terms of reimbursement for COVID-19 related unemployment claims.
- Legislation is needed to allow payment of the fee before the end of the year.