

Act 1 Index Calculation Changed for 2013-14

As released in the PA Bulletin dated September 22, 2012, PDE calculated the 2013-14 Act 1 Index to be 1.7%.

The 2013-14 Index would have been higher but PDE used a different methodology to calculate the Index based on amendments to the PA Unemployment Compensation Law as explained in the following slides.

Act 1 Index Calculation: The Old and the New

Old Methodology	
12-month % Inc. in the ECI for use in the 2013-14 Index Calculation	1.4%
12-month % Inc. in the SAWW for use in the 2013-14 Index Calculation	2.9%
2013-14 Act 1 Index = (ECI Inc. + SAWW Inc.)/2	2.2%
For 2013-14 Index Calculation	
12-month % Inc. in the ECI for use in the 2013-14 Index Calculation	1.4%
36-month % Inc. in the SAWW	2.0%
2013-14 Act 1 Index = (ECI Inc. + SAWW Inc.)/2	1.7%
The new methodology reduces the 2013-14 Index by .5%	

Why the Change?

- **From PA Department of Labor: Three-Year SAWW for Unemployment Compensation Purposes**
- On June 17, 2011, Governor Corbett signed into law SB 1030, designated as Act 6 of 2011. Starting in 2012, in accordance with Act 6, the SAWW for unemployment compensation purposes is based on the most recent three fiscal years. Calculation of the three-year average weekly wage is similar to the calculation of the calendar year and fiscal year SAWW, except that thirty-six months of data are used instead of twelve months.
- Under UC Law, as amended by Act 6, the maximum weekly benefit rate calculation and severance pay deductions from UC are based on the three-year SAWW. The new three-year SAWW, based on fiscal years, will be available each December.
- The amendments to the UC Law changes §404(e)(2).

Why does this matter?

- Act 1 of 2006 (Special Session)
- Section 102. Definitions
- "Statewide average weekly wage."
- That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

2013-14 Budget Development

- Next Steps
 - October 8 Board meeting review
 - 2011-12 Unaudited Financial Results
 - 2013-14 Budget Projections
 - Five-year budget projections
- Budget Discussions
 - During October meetings with employees to discuss district planning efforts