

September 17, 2010

John C. Bear
Pennsylvania House of Representatives
159B East
PO Box 202097
Harrisburg, PA 17120-2097

Dear Representative Bear:

On behalf of its thousands of statewide member businesses of all sizes and crossing all industry sectors, the Pennsylvania Chamber of Business and Industry is writing you to express our opposition to **House Bill 2400** which is scheduled to be considered by the House Labor Relations Committee on September 21, 2010.

As you know, the PA UC Trust Fund is broke. The Commonwealth has borrowed over \$3 billion from the federal government in order to pay benefits to claimants. As borrowing is expected to continue and taxes on employers will be increasing, legislators should carefully consider legislation that is aimed at slowing the growth of the Fund and bring more equity to the UC system. HB 2400 is a step in the wrong direction.

The enactment of the "alternative base year" provision contained in HB 2400 has increased long term benefit costs in every state in which the provisions have been adopted. According to the United States Department of Labor, the cost of such provisions is in the 4% to 6% of benefits paid range annually. In Pennsylvania numbers, this is a cost of \$160 to \$240 million per year. This cost alone easily outstrips any short term federal incentive payments associated with enacting the alternative base period. When deciding on whether PA should implement the "alternative base period", you should not merely look to the question whether the most recent wage information should be used in order to determine the proper wage replacement. Instead, you should look to the long term costs and increased taxes and that impact on our Fund.

The benefit entitlement expansion provisions contained in HB 2400 are vague and inconsistent with the fundamental tenets of the Unemployment Insurance Program - claimants should have become unemployed through no fault of their own in connection with their work and be able to work, available for work and actively seeking work to be eligible to be paid a week or weeks of unemployment compensation. Payment of compensation to individuals who separate from employment for "compelling family reasons" is inconsistent with the fundamental tenet that there should be good cause connected with work for an individual to become unemployed.

The PA Chamber recognizes that it is imperative to address the solvency of the PA UC Trust Fund. HB 2400 does nothing to restore the UC Fund back to solvency. HB 2400 greatly expands benefits at a very high cost. For the reasons stated above, the PA Chamber respectfully urges you to **oppose HB 2400** in committee.

Sincerely,



Samuel Denisco
Director, Government Affairs