



TO: The Honorable Members of the House Labor and Industry Committee

FROM: Sam Denisco, Director of Government Affairs

DATE: May 9, 2011

RE: HB 916 – Unemployment Compensation Amendments

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 **support of HB 916**. The bill is scheduled to be considered by the House Labor and Industry Committee on Tuesday, May 10. This legislation provides for several amendments to the PA Unemployment Compensation Law.

As you may know, our UC Fund is currently operating on money borrowed from the federal government and has a significant structural deficit. In simple terms, more money is being paid out of the fund than has been coming in. We have borrowed \$3.6 billion from the federal government through March 2011 (third highest to CA and MI). This is attributed to the liberalization of benefits over recent years - a situation that has certainly been exacerbated by the current economic downturn.

We need to ensure that the unemployment compensation safety net is there for Pennsylvanians who truly need it. This is a challenge and cannot be achieved under the current process. The growth of the Commonwealth's UC Fund needs to be slowed and our rich benefit system needs to be scaled back. Pennsylvania is second only to California in the amount of UC benefits paid out over the past year, despite an unemployment rate that is lower than most states across the nation.

Pennsylvania must take steps to restore balance, fairness and sound financial principles to the UC system. HB 916 is a step in the right direction to achieve these goals. Please support HB 916 in committee.

If you have any questions or concerns, please contact me at 720.5580 or sdenisco@pachamber.org.